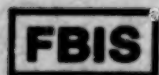


JPRS 75105

11 February 1980

Latin America Report

No. 2107



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

REPORT DOCUMENTATION PAGE		1. REPORT NO. JPRS 75105	2.	3. Recipient's Accession No.
4. Title and Subtitle LATIN AMERICA REPORT, No. 2107			5. Report Date 11 February 1980	
7. Author(s)			8. Performing Organization Rept. No.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			10. Project/Task/Work Unit No.	
			11. Contract(C) or Grant(G) No. (C) (G)	
12. Sponsoring Organization Name and Address As above			13. Type of Report & Period Covered	
			14.	
15. Supplementary Notes				
16. Abstract (Limit: 200 words) The serial report contains articles on political and sociological developments in major areas of Latin America, as reported primarily from Latin American newspapers and periodicals. It also includes information on major segments of Latin American economy, geography, culture, and ethnography.				
17. Document Analysis a. Descriptors				
Political Science	Inter-American Affairs	Haiti		
Sociology	x Argentina	x Honduras		
Economics	Barbados	Jamaica		
Culture	Bolivia	Mexico		
Ethnology	Brazil	Netherlands		
Technological	Chile	Antilles		
Geography	x Colombia	x Nicaragua		
	x Costa Rica	x Panama		
	x Cuba	Paraguay		
	Dominican Republic	x Peru		
	Ecuador	Trinidad-Tobago		
	x El Salvador	Uruguay		
	Guatemala	Venezuela		
	Guyana			
b. Identifiers/Open-Ended Terms				
c. COSATI Field/Group 5D, 5C, 5K				
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED		21. No. of Pages 106
		20. Security Class (This Page) UNCLASSIFIED		22. Price

11 February 1980

LATIN AMERICA REPORT

No. 2107

CONTENTS	PAGE
ARGENTINA	
'CLARIN' Comments on Bolivia's Letdown by U.S. (Editorial; CLARIN, 5 Jan 80).....	1
Economic Failures in Cuba Ascribed to Communist System (Editorial; LA PRENSA, 15 Jan 80).....	3
'LA NACION' Views Importance of L.A. Economic Integration (Editorial; LA NACION, 7 Jan 80).....	5
Storm Damage to Fine Grain Harvest Reported (LA PRENSA, 17 Dec 79).....	7
Sown Hectares Show Continued Preference for Soybeans (Editorial; LA NACION, 23 Dec 79).....	9
COLOMBIA	
Briefs	
Guerrilla Escapee Sought	11
Ambassadors' Credentials	11
Unions Hold Protest	11
FARC Guerrilla Fronts	11
Guerrillas Sentenced	12
COSTA RICA	
President Carazo Outlines Fiscal, Monetary Policy (Rodrigo Carazo Odio; LA NACION, 21 Dec 79).....	13

CONTENTS (Continued)

Page

CUBA

Provincial Party Committee Meetings Held (Havana Domestic Service, 31 Jan 80).....	26
---	----

Cienfuegos Provincial Committee
Pinar del Rio Provincial Committee
Sancti Spiritus Party Committee

GDR Supreme Court President Interviewed (Heinrich Toeplitz Interview; Havana Domestic Television Service, 31 Jan 80).....	28
---	----

Briefs

Talks With Uganda Delegation	29
Port of Nuevitas Deficiencies	29
Diplomatic Services Enterprise	29
New Packing House	30
World Food Program Delegation	30
FRG Political Leader	30
GDR Education Minister	31
African, Nicaraguan Students	31
Greek Tanker Refloated	31
Baracoa Air Crash	31
Oil Spill Damage	32
Portuguese Communists Visit	32
GDR Minister Visit	32
Sugar to Angola	33
Anti-Castro Posters in Havana	33

EL SALVADOR

Government Junta Members Hold News Conference (San Salvador Domestic Service, 1 Feb 80).....	34
---	----

Social Democrats Call for World Solidarity To End Repression (AFP, 4 Feb 80).....	38
---	----

PCF Paper Claims El Salvador Shootings Unprovoked, U.S.-Backed (Jose Fort; L'HUMANITE, 24 Jan 80).....	40
--	----

CONTENTS (Continued)	Page
Briefs	
Nicaraguan Killed	42
HONDURAS	
'TIEMPO' Views Bowdler's Central American Tour (TIEMPO, 26 Jan 80).....	43
NICARAGUA	
'LA PRENSA' Condemns Guatemalan Repression (ACAN, 3 Feb 80).....	45
Commander Borge Speaks at Labor Union Meeting (Radio Sandino, 4 Feb 79).....	47
Urges Unity, Condemns Counterrevolution Position on Foreign Loans	
Police Commander Praises Panamanian Assistance (Radio Sandino, 4 Feb 80).....	49
PANAMA	
Panama's Development Discussed by General Secretary of People's Party (Ruben Dario Sousa; LATINSKAYA AMERIKA, Nov-Dec 79)...	50
PERU	
Communist Leader Comments on 1980 Elections (EL COMERCIO, 5 Jan 80).....	60
PDC Leader Criticizes Party Faction at Party Congress (EL COMERCIO, 5 Jan 80).....	63
Dynamics Within Leftist Movement Analyzed (Andres Rosales; EQUIS X, 19-25 Dec 79).....	64
APRA Vice Presidential Candidate Interviewed (Andres Townsend Ezcurra Interview; OIGA, 17-24 Dec 79).....	67
Ricardo Letts Discusses Salient Electoral Issues (Ricardo Letts Interview; EQUIS X, 19-25 Dec 79).....	76

CONTENTS (Continued)

Page

FRENATRACA Campaign Chairman Discusses Party Electoral Strategy (Luis Alberto Delgado Bejar Interview; EL COMERCIO, 6 Jan 80).....	81
OPRP President Tantalean Vanini on Electoral Strategy (Javier Tantalean Vanini Interview; EL COMERCIO, 30 Dec 79).....	85
New PCP Officials Announced (UNIDAD, 6 Dec 79).....	90
President Banters With Ambassadors on Salient Issues (EL COMERCIO, 2 Jan 80).....	92
Morales Bermudez Reaffirms Position on Newspapers (EL COMERCIO, 1 Jan 80).....	100
Briefs New Air Commander	102

'CLARIN' COMMENTS ON BOLIVIA'S LETDOWN BY U.S.

Buenos Aires CLARIN in Spanish 5 Jan 80 p 6

[Editorial: "Bolivia's Disappointment"]

[Text] President Carter has finally enacted the law authorizing the United States to release 35,000 tons of its strategic tin reserves. The move will necessarily affect the economies of leading tin exporters, especially, Malaysia, Thailand, Indonesia and Bolivia, which are major sellers every year on the U.S. market. The sales will be staggered over a 3-year period, so that they will not jeopardize intolerably the stability of supplies. The very announcement of the sales, however, will depress one of the few categories of the mining business that still enjoys high prices.

It is no surprise, then, that protest movements have sprung up in the supplier nations. The La Paz government feels that because the move is unilateral, it runs counter to the latest international tin agreement. But Bolivia's case is pathetic because its current leaders trusted that Washington would not take any measure that would help to worsen the already sufficiently formidable economic crisis facing the highland nation, which is engaged in a difficult process of democratization at the behest, in fact, of the current U.S. Democratic administration.

As if this were not enough, everyone is perfectly aware that the United States' tin reserves were built up, beginning with the U.S. entry into the Second World War, at least partly on the basis of the singularly low prices that Bolivia charged in cooperating with the efforts to consolidate the cause of democracy against the onslaught of Nazism. This show of goodwill continued in a firm way after the war and through the Korean conflict. According to Bolivian sources, tin shipments to the United States and England during the Second World War were kept at 42 cents a pound for 5 years, with just a 5 percent increase during the period, whereas U.S.-produced copper, lead and zinc recorded price rises of 39, 74 and 67 percent.

Bolivia has thus suffered two disappointments. One involves the support that the United States could have lent to the process of democratization by helping to prevent excessively sharp fluctuations in its economy, which the 35,000 tons of tin will unquestionably prompt. The other relates to what we might call gratitude for the gesture of waiving profits in wartime to help achieve a worldwide objective.

As these two disappointments fade, the basic problem is laid bare: the country's productive structure, which has caused its recurring economic crises and its difficulties in furthering social progress and political democracy. The structure consists of the production of a single mineral for export, inasmuch as the domestic market is incapable of absorbing it, and of a dependence on imports for other items, especially industrial goods. This is a way of saying that Bolivia is an underdeveloped country that is doomed to perennially trade its metals for goods with a greater value added, thus transferring wealth abroad and consolidating its relative backwardness.

This basic problem, the unresolved national problem, is more serious than having marketed tin at a lower price for a given period for the sake of world democracy, which has simultaneously shown itself to be so elusive in the domestic arena.

8743

CSO: 3010

ECONOMIC FAILURES IN CUBA ASCRIBED TO COMMUNIST SYSTEM

Buenos Aires LA PRENSA in Spanish 15 Jan 80 p 6

[Editorial: "Economic Progress or Communism"]

[Text] Based on news from Havana, there are mounting indications that Raul Castro, the brother of the dictator, the defense minister and a general, could very soon become the "tsar" of the Cuban economy. The indications stem from his latest speeches and the inevitably worsening trend in farm and industrial production under the Castro regime a little more than 20 years after it was installed. In a speech last 30 November in Santiago, the country's second largest city, Raul Castro said that Cuba can no longer blame its problems on the U.S. blockade and that without Soviet aid (now estimated at \$9 million a day), the country would have gone bankrupt. According to Western observers, the Cuban economy is currently going through the worst stretch in its history, as evidenced by the mounting trade imbalance and the severe rationing of food items and pharmaceuticals. Popular discontent has begun to manifest itself in graffiti, perhaps the most expressive of which reads as follows: "We would rather have bloodshed under Batista than hunger under Fidel."

Raul Castro's economic leadership will allegedly concern itself with farm production, in the main categories of which the regime has been unable to surpass the levels prior to Castro's accession to power; the imbalances are, in fact, worse if we figure in the increase in the island's population over the last 20 years. The failures would be even more glaring if the official statistics were not compiled from falsified efficiency numbers, in which plant managers and supervisors reconcile their respective interests for fear of being held responsible for not achieving official production quotas. In connection with measures to correct or dampen the widespread failure of Cuban farm output, there has been talk that farmers might be able to sell part of their crops directly, which would thus not be mandatorily absorbed by the official market or state-run agencies.

The characteristics of Cuba's economic disaster are roughly the same as those that marked the failure of the Soviet economy at the outset of the 1920's. It is from this period, 1921 to be exact, that the New Economic Policy (NEP) advocated by Lenin dates. It consisted of abandoning the collectivist practices encouraged by the 1917 revolution, along with a return to free trade, the participation of foreign capital, the acceptance of profit in private trade and industrial activities and the establishment of wage incentives to boost output and efficiency among plant units.

The NEP did not last long, of course, first because it did not succeed in arousing the interest of the international money market, and secondly, because this sketchy and deceptive attempt at a free economy was incompatible with the political regime set up by Moscow. But it is worthwhile emphasizing the NEP as a forerunner to demonstrate how, despite the time that has elapsed, the same phenomenon of incompetence in production and economic failure has occurred in the Soviet Union and Cuba. This is no doubt because we are talking about two societies that are, if not totally identical, at least subject to the same systems of political governance and economic leadership.

In both situations, Russia in 1921 and Cuba today, the difficulties stem from a single concept of power, which is to concentrate in state hands the decisionmaking power relating to the production of goods and the provision of services, parallel to a suppression of all individual initiative. The results could not be concealed in the Soviet Union and they are becoming increasingly obvious in Cuba today. It is a topic worthy of reflection and study that communist regimes fail most miserably precisely in the areas in which the "great revolutionary transformations" are supposed to occur, i.e. the economy, production and the people's living standard.

The facts confirm that economic progress is incompatible with communism, all the more so in the case of Cuba, in which the military adventures in which it is engaged as a tool of the Soviet Union are undertaken at the expense of production.

8743

CSO: 3010

'LA NACION' VIEWS IMPORTANCE OF L.A. ECONOMIC INTEGRATION

Buenos Aires LA NACION in Spanish 7 Jan 80 p 8

[Editorial: "New Directions in Exports"]

[Text] As the secretary of agriculture and livestock stated at the International Wheat Symposium, the integration of Latin America's economies is not only a positive but an indispensable development, once we have looked at the potential of world markets in perspective.

In order to achieve this goal, of course, we will have to respond with actions to the continent's political, economic and commercial demands, by appealing both to our common interests and to the solidarity that stems from being part of the same continent and from being joined by ties that date back to the beginnings of our history.

Pursuing this approach, the president of the National Grain Board announced on the same occasion that our country intended to sharply increase its grain exports to the countries of the Americas. This objective is based not only on the idea of integration, but on real and concrete developments as well, as the following figures show.

The purchases of Latin America's main wheat-importing countries are expected to rise again for the 1979/80 season. The rise will be slight (reportedly just 1 percent), but we must not forget that it comes on top of 13.6 and 36.4 percent increases for the harvests of 1977/78 and 1976/77, respectively.

The increases result from comparing purchases by Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Peru and Venezuela during the aforementioned harvests. In 1976/77 these countries' wheat imports totaled 6.798 million tons; the following year's figure was 8.194 million; they hit 9.194 million in 1979/79, and are put at 9.275 million for this season.

It is also of interest to analyze a number of individual situations, such as Brazil's for example. Despite its efforts, incentives and subsidies to expand domestic output, it has been thwarted by ecological conditions that are far from favorable for wheat. This year Brazil will have to import some 2.9 million tons; its domestic consumption needs total 5.9 million, and its internal production will be about 3.4 million, 400,000 of which are used as seeds.

Another important case is Mexico, which boosted its imports considerably over the last 2 years, and they are expected to reach 1.5 million tons in 1979/80. To these two countries, Brazil and Mexico, we must add the other aforementioned nations, which have shown a steadily rising trend in imports.

Argentina's grain sales to Latin American countries accounted for 27 and 28 percent of its total farm exports in 1977 and 1978, respectively, whereas over the first 7 months of 1979 the ratio surged to 60 percent.

This information demonstrates that the intentions announced by the secretary of agriculture and livestock and the president of the National Grain Board rest on a solid foundation and that once the necessary agreements are hammered out and our grain output is tailored to the demands of the continent, there is a real chance to achieve economic integration. This will enable us to consolidate our grain trade and to safeguard ourselves in the face of the shifting options that characterize international transactions.

8743

CSO: 3010

ARGENTINA

STORM DAMAGE TO FINE GRAIN HARVEST REPORTED

Buenos Aires LA PRENSA in Spanish 17 Dec 79 p 6

[Text] General Pinto (Buenos Aires Province)--The fine grain harvest anticipated was totally ruined, as were the plantings of sorghum, corn, sunflowers and pastures, by the rain, wind and hail storms which fell on this area and a major part of General Pinto, located in the western part of Buenos Aires Province.

Only now has it been possible to estimate these losses, according to information received here and also that communicated by the local municipality.

The storms, which occurred on Saturday, 16 December, came at the end of a day of suffocating heat. They swept over an area of approximately 60,000 hectares, from north to south, and centered on the town of Colonel Granada and the neighborhood of Eduardo Costa and Pazos Kanki stations.

The report from the municipality states that the damage to the seeded areas, which in many places were entirely torn up, was also accompanied by considerable destruction of a number of agricultural and livestock enterprises, including farm houses, mills, silos, plantations, wiring and wire netting, hoses and other installations. It is believed that the losses amount to a record figure for the area, because in addition to the damage, one must also include now the lack of water supplies and pasture for the farms, and the loss of the animals drowned, etc.

In the Urban Sector

There was also a serious impact in the urban sectors. There was much damage to homes, and commercial and industrial establishments. Roofs flew off and walls were knocked down. Among the buildings which have suffered, are a number of public institutions, such as schools and first aid stations.

The deputy administrator of the area, Alfredo Vazquez, declared that the repercussions of the damage caused in the agricultural and livestock sector will prove detrimental to the economic development of the whole zone. It must be borne in mind, according to him, that the whole area is concerned

with agricultural and livestock activities and that reconstruction of what has been destroyed is a task of such magnitude that it cannot be undertaken at once, thus jeopardizing the possibility for continued productivity in the sector.

It is likewise believed that the damage done to the urban centers is of such an order that their recovery will take considerable time.

7129

CSO: 3010

SOWN HECTARES SHOW CONTINUED PREFERENCE FOR SOYBEANS

Buenos Aires LA NACION in Spanish 23 Dec 79 p 8

[Editorial: "Summer Sowings"]

[Text] Information is now available regarding the first official estimates of the areas sown with summer crops of grains and oilseeds. The data have served to confirm the trends already recorded here concerning the further expansion of soybeans and sunflower and the decline in the total sowing of sorghum.

To be precise, the area sown with soy beans increased 1.64 million hectares to 2.04 million hectares, that is to say 24.4 percent, while that sown with sunflowers rose from 1.78 million hectares to 1,958,000 hectares, in relation to the earlier sowing, that is, an increase of 10 percent. In contrast, the area on which sorghum was planted declined from 2.53 million hectares last year to 2,014,000 hectares this year, that is to say, a reduction of 20 percent. During this same period, the area on which corn was grown represented a total of 3,323,000 hectares, showing an expansion of 0.7 percent in relation to the earlier period, reflecting a noticeable degree of stabilization. On the whole, the area on which these summer plantings of grains and oilseeds are located appears to be somewhat similar in size to last year's, but with marked differences in the composition of the overall harvest, and more specifically, a preference for soybeans, which continue to expand and will soon become the predominant economic crop. In this sense, the developments have been very positive and point to the dynamism of the producers who have not hesitated to adopt whatever directives seem most suitable for them.

This information was awaited with great interest, since the leadership has been stressing the systematic losses in agricultural returns. It will be noted that right from the start of the period in which the current economic authorities have been in power, agriculture has been one of the sectors showing the greatest rate of growth, thus making up in part for the decline observed particularly in the secondary sector.

The figures set forth above must be evaluated in terms of the comments made by those who declared that the sowing statistics now published were projected

and for the most part carried out months ago, when international prices, and consequently local prices also, reflected a certain degree of optimism, connected with Soviet purchases and the general expectation of failure of the Russian crops. Later, however, there were reports of substantial American harvests and there were other international events which may well affect the purchasing power of other economies. In the case of winter and spring crops, no precise data are available with regard to wheat plantings, which are now in their full growing season, so that it is difficult to evaluate the damage done by the late frosts and the droughts which were detrimental to harvests in the southern wheat area. Although it had been anticipated that 8 million tons would be obtained, now it is not expected that more than 7.5 million tons will be available. The total harvest will naturally depend on climatic conditions over the next few months, but assuming these are favorable, it is estimated that the overall crop will be roughly equivalent to that of recent years.

It must be borne in mind that during the last seasons, atmospheric conditions were very favorable and also that positive results were obtained in connection with yields achieved by virtue of recourse to technological improvements, and that these conditions and improvements cannot be repeated to the same degree every year.

The critical issue is the level of agricultural yields at harvest time. The question here is associated with the trend of exchange parity and its relationship to domestic costs, which is giving rise to considerable complaint in other areas, such as the wool sector, and fruit production, in the Northwest and in the cotton belt, etc. There is no doubt but that what has been achieved in agriculture in the past few years is of major importance, releasing forces of extraordinary dynamism. Notwithstanding, it appears that we have surpassed the limit beyond which there are no reserves of inefficiency which might be overcome in the short term, since the whole process of modernizing marketing and the port structure requires time and substantial investments. Last December, the economic leadership settled on a strategy with which to combat inflation and which is based on exchange deferment. Although it has been relatively successful recently, its impact is being scored by many sectors. The fact that it was also extended to agriculture, which has many comparative advantages, should be very carefully examined.

7129

CSO: 3010

BRIEFS

GUERRILLA ESCAPEE SOUGHT--Bogota--A widespread operation is underway in Bogota at this time in an effort to recapture guerrilla Adelaida Abadia Rey who was spectacularly freed by a group of the Workers' Self-Defense Movement (MAO) when she was cleverly taken out of the Buen Pastor women's jail under false orders. Hundreds of policemen, army troops and state security forces were alerted at 1500. Since then, numerous operations, raids and car searches have been carried out. The authorities are trying to find the green Renault with license plate No AN-5099 which was used along with an urban bus to free Adelaida. She is the lover of Alfredo Enrique Camelo Franco, the main assassin of former Conservative Minister Rafael Pardo Buelvas. He is currently imprisoned in the Gorgona Island prison. The authorities today expressed concern over the alarming wave of escapes which have been occurring during the past few days not only in the Bogota jails but throughout the country. [Text] [PA310147 Bogota Cadena Radial Super in Spanish 2330 GMT 30 Jan 80 PA]

AMBASSADORS' CREDENTIALS--Bogota--New Costa Rican Ambassador Maria Elena Chassoul Monge and new Polish Ambassador Edward Wychowaniec presented their credentials to President Julio Cesar Turbay Ayala today. [PA260431 Bogota Radio Cadena Nacional in Spanish 1730 GMT 21 Jan 80 PA]

UNIONS HOLD PROTEST--Bogota, 1 Feb (LATIN)--Authorities have reported that the Colombian labor confederations held a march here today to protest the increase in the cost of living. The small and peaceful march was held amid constant rain. The march was organized by the Colombian Workers Union (UTC), General Labor Confederation (CGT), Trade Union Confederation of Workers of Colombia (CSTC) and the Colombian Workers Confederation (CTC). The peaceful march ended with a rally in Bogota's bullring. The rally quickly broke up due to the constant rain which fell on Bogota this afternoon. The police command told LATIN that there were no incidents during the workers' protest. [Text] [PA021742 Buenos Aires LATIN in Spanish 0150 GMT 2 Feb 80 PA]

FARC GUERRILLA FRONTS--The self-styled Revolutionary Armed Forces of Colombia [FARC] have announced that they plan to establish 15 guerrilla fronts throughout the country to carry out the extremist activities that make this group the number one subversive organization in the country. In a publication

issued by the guerrilla organization and sent to the communications media, FARC, one of the country's strongest groups, states that by the end of 1980 there will be 15 fronts operating in Colombia's rural areas. [Text]
[PA020219 Panama City Televisora Nacional in Spanish 2315 GMT 1 Feb 80 PA]

GUERRILLAS SENTENCED--Tunja, Colombia, 2 Feb (EFE)--A military court-martial today acquitted a leftist guerrilla and sentenced nine others for rebellion, kidnaping, murder and criminal association. The guerrillas, members of the Revolutionary Armed Forces of Colombia (FARC), were declared guilty of kidnaping and killing 12 farmers and merchants, military sources reported. For 3 years the FARC has been holding U.S. botanist and Peace Corps member Richard Starr, who was kidnaped in La Macarena and accused of being a U.S. intelligence agent. In Bogota another court-martial is underway of 13 FARC urban guerrillas, members of a special kidnaping and assault group. [Text]
[PA041432 Madrid EFE in Spanish 1534 GMT 2 Feb 80 PA]

CSO: 3010

PRESIDENT CARAZO OUTLINES FISCAL, MONETARY POLICY

San Jose LA NACION in Spanish 21 Dec 79 pp 36A - 37A

[Speech by President Rodrigo Carazo Odio on 19 December 1979: passages enclosed in slantlines printed in boldface]

[Text] Costa Ricans:

I have not hesitated to take on the responsibilities that are incumbent on me as president of the republic. Nearly 6 months ago we sent a tax reform proposal to the Legislative Assembly, but it has not yet been considered, nor will it be in the next month, because the Assembly has voted to take a recess. But the country continues on the march, and we cannot wait. All efforts made by government party deputies who fully grasp their obligations, have been in vain; the constant efforts of the finance minister have also been in vain; the arguments presented from all quarters have not been able to convince the opposition deputies that approval of these reforms would be of great benefit to the less privileged sectors of the population.

In view of the opposition's attitude, I have decided to issue an Executive Decree which contains the measures necessary to solve a significant proportion of Costa Rica's fiscal and monetary problems. Tonight I will announce the taxes that will become effective immediately; I will also report on the administration's cooperation with the International Monetary Fund (IMF) and the results of those actions.

From the beginning, this administration has made every effort to help the nation's economy adjust to the violent changes that today's world is undergoing.

We have meticulously studied the country's economic situation, and have pinpointed the events of the 8-year period from 1970 to 1977. We have taken the steps we felt necessary to deal with the situation in 1978 and especially 1979, during which time the factors of change accelerated. By the end of 1977, the national economy had spent 8 years accumulating serious problems:

1. The Central Government's foreign debt grew an average of 27.5 percent during the past two administrations.

2. The Central Government's domestic debt grew an average of 18.8 percent during those years, compared with 27.3 percent in the public sector.
3. The money supply more than quadrupled during the Figueres and Oduber Administrations, going from 1.053 billion colons in 1970 to 4.625 billion colons in 1977, nearly 25 percent a year. Quasi-money expanded at an average rate of 38 percent a year during that period.
4. The current income of the treasury increased an average of 21.7 percent a year, while annual expenditures grew at an average rate of 24.8 percent during the Figueres and Oduber Administrations. Thus, the government's financial deficit reached an average annual rate of 41.3 percent during that time.
5. During those 8 years the current account deficit (foreign sector) rose at an annual average rate of 17.3 percent.
6. The gross domestic product expanded by 6.4 percent a year on the average, while the two previous administrations caused the gross domestic credit to increase by 25.4 percent a year.
7. Inflation rose at 14.7 percent a year between 1970 and 1977. The retail price index had an annual growth rate of 11.8 percent.
8. Due to the economic practices that had caused all the adverse effects mentioned above between 1970 and 1977, these trends continued into the first half of 1978. As a result, it was determined that the economic development model devised in 1959 would have to be revised in order to correct the serious problems that had accumulated in the Costa Rican economy.

During the second half of 1978 the first changes were made, in the active and passive interest rates of the national banking system. Other measures were taken as well during that period; since they are well known, I will not mention them now.

Let us look at the economic results obtained during 1978: the GDP, at 1966 prices, grew by 5.7 percent, which compares favorably with the average rate of 4.0 percent throughout Latin America, a rate which reflects a general downturn affecting the entire region.

Domestic retail prices rose by 6 percent in 1978, 12 percent in 1979. There was a distinct upward trend in prices throughout almost the entire world as a result of oil price hikes. Our prices continue to rise more slowly and less drastically than in other countries of the region.

The change that is taking place in the world because of constant price increases in oil is perhaps the most radical change ever experienced by humanity as a whole. It is leading to a real and accelerated impoverishment of poor nations.

This process is having severe repercussions in all nations; they can be seen clearly in our case by comparing two figures: in 1970 Costa Rica spent less than \$12 million to buy the petroleum it needed, while in 1979 that figure reached nearly \$200 million.

In our democratic system it is impossible to find the best ways to act without legislative participation. Democracy, the government of the people, cannot be confused with government by political parties unless its very nature is altered.

Government also takes place in the opposition; the opposition also has government responsibilities, and perhaps the most serious of those responsibilities is one of omission.

An open and democratic country such as ours, with a rising standard of living and a population that buys everything all the time, for cash or on credit, needs to quickly compensate for economic problems that are caused by external factors, and to quickly head off problems that may be caused internally.

We know that inflationary factors resulting from the actions of oil producing nations, with their constant price increases, are very difficult to counteract.

We have managed to counteract them to a great extent, however, with direct, government-to-government arrangements with Mexico and Venezuela. These agreements will protect us from speculative prices in 1980; they will not protect us from official OPEC price hikes, but from those speculative prices which have harmed us so seriously as a result of the decision by the Oduber Administration to eschew the formal market and place Costa Rica in the speculative petroleum market. We will feel the negative effects of the most recent OPEC price increase, but not to the degree that we would have this year if we had to continue buying on the speculative markets as we had to do after the unfortunate decision in 1976.

All oil importing countries have suffered a severe impact on our balance of payments. Price increases are felt not only in fuel and lubricants, but also in raw materials, packaging materials, containers, insecticides, herbicides, fertilizers and thousands of other products. It is important for Costa Ricans to understand that it is impossible to avoid the external pressure generated by price rises in all these items that are so essential for our daily lives.

When this administration began, there were those who criticized us because we did not undertake an active political program against the previous administration. Looking at the difficult situation we had inherited, I felt the need for a wide-ranging and open national unity that would rid Costa Rica of its problems. I have consistently advocated dialog, and with regard to the former administration's mistakes, we have limited ourselves to objective reports such as this one; we have informed the public about the conditions in which we found the national economy, how the public treasury

was left, and in what conditions the Costa Rican Oil Refinery (RECOPE) and other national activities and enterprises were left. But our conciliatory attitude has been for naught; we have had to undergo a constant political struggle, and the government party deputies have had to face constant delays and stubbornness which have impeded the processing of legislation. We have had to accomplish a great deal by decree because it was impossible to produce adequate legislation.

The Legislative Assembly was unable to pass the tax reform package on time, despite the efforts of responsible deputies who know that it is the nation, not the government, which needs these measures to be passed. The opposition's attitude has seriously harmed Costa Rica.

I have never complained about not being able to prevent the setbacks caused by the opposition in the Assembly; everytime there has been a roadblock, we have sought the best way to proceed: sometimes with administrative actions, sometimes with decrees, but always within the law. It is obvious that on many occasions solutions based on legislation would have been better or easier, but the country is moving ahead inexorably; we cannot stop and say later that we could not do anything because the opposition would not let us. Costa Ricans, this will never happen. If, for example, tax reform is not passed now, I must do what I can to solve the problem. I repeat: the country cannot wait. We must put Costa Rica's interests before those of electoral politics.

Fortunately, the responsible deputies approved general standards for the 1980 budget that will be very useful to us in our efforts to achieve our goal of meeting the country's needs.

Let us look, for example, at the effects of fiscal imbalance, external pressure on prices and increasing imports, on foreign currency reserves in 1979.

In the monetary plan devised for 1979 at the end of the previous year, it was calculated that the foreign currency reserves would total some \$191 million by the end of the year. During the year some events took place which affected the projected goals, as I already noted: prices of oil and its derivatives; the aggravation of the Nicaraguan crisis during the first 7 months of the year, which affected Costa Rican exports and resulted in an unjustified delay in the legislative approval of some international loans. However, the Central Bank hopes that by the end of the present year net foreign reserves will reach \$140 million. That, as the executive president of the Central Bank said on 14 December with reference to that sum, /". . . is more than satisfactory. . . ." If the opposition had permitted the timely passage of the tax reform measures and the loans, the foreign reserve level would be higher.

With regard to the factors of change which the world is undergoing, in order to ensure our monetary and financial health, since 1978 we have maintained close ties with the International Monetary Fund (IMF). We have shown them our intentions and the government's decision to deal with the fiscal deficit

and reduce the adverse effects which a distorted local credit situation has had on us.

In 1978 we informed the IMF that we were willing to underspend our budget by about 1 billion colons in 1978. We did manage to spend less than what the previous administration had budgeted, leading to what has been called a "savings" of 1.024 billion colons during that year.

We told the IMF Mission, among other things, that the budget savings for this year, 1979, would be between 800 million and 1 billion colons. Now we can say that we achieved our goal, even though the government was saddled with a burden of nearly 300 million colons in the form of civil servant pay raises and university contributions, without having created a source of revenues that could compensate for this spending increase.

When the tax reform package was sent to the Assembly in early July, the purpose was to meet the fiscal needs of compensating for the wage hikes and university contributions. As you know, the expenditures were approved, but not the revenues.

What happens when an error of this type is committed? In brief, the result is an increase in the amount of money in the hands of buyers, with no increase in the goods they can buy. With more money in circulation and the same amount of goods, a balance is struck by raising the prices of the goods.

This is what happens when the budget is expanded without a proportional increase in revenues; those who have only their wage lose buying power and suffer more; the basic solution is to balance the budget by obtaining money from those who are most able to contribute. For this reason, the tax reform measures sent to the Assembly by the Executive Branch were based on real estate and income taxes, so that those who have more pay more. The opposition ruled out the possibility of a speedy passage of the package. Therefore, since the problem should not and cannot wait, we have solved it partially with another formula.

A country must have a healthy economy in order to earn the confidence of its citizens and of foreigners. The IMF tries to help countries avoid errors that affect their economies. In 1978 that organization accepted what we proposed to do in order to correct the problems we had inherited from the previous administration. In 1979 we told them that we would implement a plan to continue correcting those problems and to counteract the problems arising from oil prices. Now, what good does it do us if the IMF agrees with the actions taken by a country? Well, IMF approval of a government's policy places that country among those with the best economic reputations in the world.

Since our ideas were approved in 1978, that has happened to us this year. For that reason, we have been able to obtain credit to build roads, highways, housing, electric plants and other things, from internationally prestigious banks.

IMF assistance will be fundamental in 1980 if we are to achieve the best possible monetary and economic conditions, for the benefit of all Costa Ricans.

In the middle of last November, the IMF expressed its approval of a strategy including the passage of the "tax package," as the tax reform has come to be called. We cannot stress enough the need for the Assembly to pass these new fiscal measures. The deputies of the opposition and their national leaders must understand this need.

The program included assuring savings in the 1980 budget, and the search for at least 450 million more colons in new income. The IMF, on the basis of this program, would pave the way for us to strengthen our foreign reserves, and would consider us among the nations worthy of receiving credit. Thus, we would have no problems in terms of our exchange rate or foreign credit, while we would be solving a major part of our fiscal problem.

As you know, the opposition did not allow us to obtain these benefits. It closed its mind, saying it would approve no more new taxes. This attitude destroyed the programs presented by the Finance Ministry and the Central Bank to the IMF.

When the opposition's definitive refusal to cooperate became evident, we decided to call the IMF once again and to begin revising the program in December. In this manner, we would achieve the desired solutions based on the laws that permit the Executive Branch to adjust taxes by decree. I should add here that when the first plan was drawn up and we did not know the opposition would block what could only benefit Costa Ricans, I told the country that the foreign reserves situation would be better by mid-1980 than it was in mid-1979, and that therefore there would be no risk of devaluation.

Always thinking of the country's interests, I maintained that there would be no devaluation, and that Costa Ricans could rest easy. I placed a great deal of stress on the fact that there would be no devaluation, especially because national publications, indulging characteristically in yellow journalism, had given credit and space to editorials and columns which gave the impression that the nation's exchange situation was desperate. There have even been doomsayers who have invented higher exchange rates for the colon in relation to the dollar, who affirm that the colon will be devalued before the end of the year. Those who share this opinion base their statements on their conviction that the opposition will not pass the tax reforms, and on their consequent belief that Costa Rica has no alternative or escape. They feel the government can do nothing to save the country, given the intransigence of the opposition.

These macabre "economists" also want to make points by playing fortune-teller and expressing opinions on something which they not only do not master, but do not know a thing about. These muckraking, scandal-mongering publications have deceived many people into buying dollars with their savings, waiting for the moment when the reserves are exhausted and the exchange rate is raised.

This interesting attitude has reached such an extreme that a well-known national journalist even asked me, in the presence of many witnesses, how many days or weeks worth of reserves we had left. Well, I have insisted for months that there would be no devaluation, and that those who withdrew their deposits in order to buy dollars and wait, would only lose their interest. I have stressed this for the benefit of the country, because I know the situation and because I decided long ago to solve the budget deficit by using executive decrees to bring it within reasonable limits in case the opposition did not allow us to apply the best formulas, which were sent to the Legislative Assembly last 3 July.

There will be no devaluation. The colon will continue at the same exchange rate. We must all wait calmly for the new year: there will be no devaluation.

As for those who take pleasure in publishing or inventing nothing but bad news, with no grounds whatsoever, in this case as in many others, I warn them that their practice is unpatriotic, a dangerous game. I know that some people would benefit from a devaluation; I understand that they want it, work for it and try to produce it. I know that those who think this way are forgetting about social peace and the good of the people as a whole; they are interested only in what favors them personally. However, I repeat: this is a dangerous game, and it is also being played by those who adopt foreign ideologies and fight to make Costa Rica a different country from what it is today.

Now I will read you the basic proposals we made to the IMF in our second plan, and the favorable response we received from the chief of the mission on 12 December 1979. One important point: the efforts of the finance minister and the success he achieved on his short visit to Washington at my request this month, when we became convinced that the opposition would not allow the approval of the essential elements of the first plan, make it clear that Hernan Saenz is the best finance minister this country has had in many years. I would particularly like to point out that his modern and practical points of view contrast with those of some pseudo-economists who like to fill pages in newspapers with their erroneous concepts and stale ideas.

Our second program, signed by the finance minister and the executive president of the Central Bank of Costa Rica and presented by Hernan Saenz to the IMF, reads as follows:

"Dear Mr Larosiere:

1. In 1976 and 1977 the real growth rate of the Costa Rican gross domestic product jumped higher because of a significant rise in domestic demand, the product in turn of an improvement in our terms of trade when coffee reached a record-breaking price. The GDP, which grew by only 2 percent in 1975, jumped by 5.5 percent in 1976 and 9 percent in 1977. However, this growth in production was not enough to satisfy the growing internal demand, and consequently had to be supplemented with imports. The government at the time

tried to neutralize the monetary and financial effects of the extraordinary influx of foreign exchange and to control the excess demand through a program of coffee bonds designed to stabilize the situation. The program was a timid one which did not manage to neutralize the effect of the better terms of trade. Simultaneously, the attempt to raise coffee export taxes by executive decree was frustrated by strong pressure from the coffee sector, which nullified the taxes.

2. The government, in view of the election which took place on 5 February 1978, opted for a very expansive policy rather than a fiscal policy that would moderate the demand pressures that stemmed from the high coffee prices. The rapid growth of fiscal revenues was not enough to cope with the strong surge in spending, and the government had to resort to an inordinate use of public credit. The result of all this was that, despite the coffee bonanza, there was no significant improvement in the public finance picture, nor was there a reduction of the current account deficit in the balance of payments. For this reason, the \$165 million increase in foreign reserves in 1976 and 1977 was the result of better utilization of foreign credit.

3. This administration, which took office in May 1978, had to confront a fall in coffee prices and export earnings, without any reduction in aggregate demand to date. Efforts to reduce the excess aggregate demand through strong measures to cut public sector spending have been severely limited by the institutional inflexibility of public spending. Thus, in 1978 expenditures rose by 36 percent over the previous year. The situation was aggravated by the fact that there was little the incoming administration could do to reduce expenditures because of legally imposed expenses and previous commitments. The government was forced to ask the Legislative Assembly to approve a special budget in order to meet legal and contractual obligations amounting to more than 750 million colons. Although these obligations had been contracted earlier, they had not been budgeted. However, it should be noted that the rate of public spending did not increase in the second half of the year, even though it was not until that half that we began to meet the obligations that had not been budgeted originally.

4. The draft budget which the Executive Branch sent to the Legislative Assembly for 1979 increased authorized spending by less than 10 percent in comparison with the 1978 budget. However, the budget was so big that it could not be implemented without severely cutting into the stabilization efforts. Thus, the Administration decided and announced that it would underspend the authorized budget by between 800 million and 1 billion colons in order to achieve a financial stability that would enable the republic to overcome its balance of payments and domestic inflation difficulties. Nonetheless, in September of this year, due to pressure to raise the wages of government employees, the Executive Branch was forced to make a greater expenditure than it had budgeted, using more than 300 million colons of the amount it had saved by underspending the budget. In this manner, part of the stabilization efforts of this year were annulled.

5. The failure to bring the level of spending to within the limits of revenues in the public sector as well as the private sector has resulted in a considerably larger deficit in the current account of the balance of payments in the last 2 years. This deficit has been financed, for the most part, by foreign indebtedness in the public sector, but also by a significant drain on the nation's foreign currency reserves.

6. This administration feels that it has an obligation to correct the internal and external imbalances. It is convinced that these imbalances will become more exacerbated if no concerted, immediate and strong action is taken. Even if we could continue to finance the burgeoning demand by resorting to foreign indebtedness, this solution would only serve to postpone even beyond the current administration the inevitable adjustment, and it would consequently necessitate an even larger adjustment. In view of its responsibility, and in accordance with the above, the Government of Costa Rica intends to implement an adjustment program for the next 2 years. It will request the aid of the International Monetary Fund for this purpose, under a contingent agreement amounting to 71.5 million SDRs.

The macroeconomic objectives of the program for 1980 and 1981 are presented, expressed in terms of the gross domestic product. The main objective is to reduce the current account deficit in the balance of payments and the public deficit to levels that can be sustained in the medium term, by the end of 1981. In spite of the promise of improvement in the export sector, both for industrial goods as well as our traditional exports (coffee, bananas, meat and sugar), and despite the efforts we will make simultaneously to expand national production and export production, the program will give special emphasis to restraining imports by means of a significant contraction of domestic demand. The success of this stabilization program depends primarily on the understanding of all sectors that the preferential treatment of any group will result necessarily in a sacrifice on the part of other groups; the end result will be less success for the program. In this context, the government intends to implement policies regarding profits, prices and wages in order to keep them in line with the programs purposes and goals. In this manner, without harming the lower-income sectors of the population, these pressures can be reduced. With regard to the wage policy of the public sector, we believe that any raise will only be possible to the extent that the tax revenues involved are placed at the government's disposal.

8. Certain goals should be established with regard to the consolidated deficit and savings of the non-financial public sector. The program requires an additional 99 million colons in non-financial public sector savings in 1979, to reach a total of 747.5 million colons in 1980. It requires a reduction in the consolidated deficit of 4.2 billion colons in 1979 to reach a total of 3.08 billion colons in 1980, which means a drop of nearly 4.5 percent of the gross domestic product. As a consequence, in order to achieve these goals the government has issued an executive decree which allows it to control the levels of expenditures for the rest of the non-financial public sector, which makes up approximately 3/5 of the total public expenditure. There is very little flexibility for reducing spending in the cen-

tral government, because 96.3 percent of the total internally financed spending is mandatory for constitutional, legal or contractual reasons. Nevertheless, the government is making every effort to keep spending to a minimum. Proof of this lies in the fact that budgetary spending expected to be authorized by the Legislative Assembly for 1980 will grow by only 6.5 percent over 1979's figures, which means that the effective increase in the central government's spending for 1980 will not exceed 15 percent.

The government intends to reduce internal financing costs budgeted for the rest of the public sector by 10 percent of the total, and to rationalize imports in this sector. Reductions exceeding that amount in the rest of the non-financial public sector would affect investment, and therefore the implications in terms of the future productive capacity of the economy should be carefully considered.

9. However, the need for an immediate cut in the consolidated deficit of the public sector, as well as the impossibility of cutting central government spending, leave us just one alternative: raise tax revenues. Towards this end the government has proposed to the Legislative Assembly a series of tax initiatives that should be passed promptly. We have estimated, however, that even these measures will be insufficient to reduce the fiscal deficit to the extent required to achieve the desired effect on consumption levels and therefore a considerable improvement of the current account in the balance of payments. For this reason the government supports the initiative of creating a temporary surcharge of 15 percent on the income tax, and of increasing the sales tax from 8 to 10 percent. In any case, the government will introduce the measures that are necessary to ensure that the annual yield of all tax initiatives will equal at least 15 percent of the public sector deficit scheduled for 1980, in accordance with the powers vested in the Executive Branch. We believe that if the government does weaken pressure on public spending, thus contracting the fiscal deficit, the end result will be a substantial lessening of inflationary pressures. The government thinks that these initiatives /or others that will replace or complement them, should be passed before the end of 1979/.

10. The government will propose the legal and administrative reforms necessary to centralize control of the non-financial public sector's financial resources and to reduce substantially the revenues earmarked for specific programs and spending that is predetermined by special laws. The implementation of these reforms will enable the government to continue an austerity program, so that the public sector deficit in 1981 will not exceed the deficit predicted for 1980 in absolute terms, and so that the fiscal situation will have become rationalized by 1982.

11. The strengthening of the public sector's financial position will allow our country to become less dependent on foreign credit, in the first year of its program with the IMF, and to limit the use of local bank credit to levels that are commensurate with the adequate expansion of credit for the private sector. This will also mean less pressure on the net international

reserves of the Central Bank. In addition, quarterly limits have been set for the net amount of credit the Central Bank lends to the non-financial public sector, in accordance with the fiscal policy outlined in the above paragraphs.

12. To be consistent with the policy of increasing domestic credit in the monetary program, and in order to enhance efforts to eliminate financial repression as proposed by the current administration, the government intends to keep interest rates at levels that are competitive with foreign rates. In this manner, it will be attractive to keep domestic savings in our own financial institutions, in order to ensure permanent availability of credit. Recently interest rates on savings deposits have risen to more competitive levels, and the yields of government savings bonds have risen to the level of rates of instruments of similar terms and risks. Recent jumps in passive interest rates have also resulted in substantially higher active interest rates than has been customary in Costa Rica. Nonetheless, the government believes that real positive rates are indispensable if we want to attain an efficient allocation of resources in the economy. The overall portfolio ceilings have been eliminated, and other restrictions on the composition of portfolios in commercial banks have been reduced to the minimum, while the Central Bank will limit its low-cost rediscount programs to a small number of high-priority sectors.

13. If the entire plan is put into practice, the public sector will borrow a net total of up to \$290 million from foreign sources (including state financial institutions) in 1980, which is less than that estimated for 1979.

14. Costa Rica has no restrictions on current and capital transfers and payments, /and the government has no intention of changing the exchange rate, or of introducing multiple exchange practices, or any other restrictions on payments and transfers for international current transactions/.

The government is not trying to place direct restrictions on imports for balance of payments reasons.

15. The government feels that the policies outlined in this document are sufficient to achieve the objectives of the program, but it is willing to propose and, if necessary, adopt in consultation with the International Monetary Fund, the policies that are deemed appropriate for these ends."

I will also read you the favorable response received from the IMF chief of mission:

"The International Monetary Fund Mission has studied the economic and financial position of the country and its short-term prospects. It has concluded that it is essential to undertake a substantial effort to curb the serious deterioration of the balance of payments. The mission feels that in order to ease the pressures on the balance of payments in 1980, there must be a substantial fiscal adjustment. To achieve this objective, a joint action is required to cut public sector spending and to increase fiscal revenue so as to produce an indispensable reduction in the public sector deficit in 1980.

In this sense, the mission /is pleased to note that in the government as well as the political sphere, there is a growing consensus regarding the serious fiscal problems that exist and the need to take corrective action as soon as possible/.

"The authorities have provided the mission with a financial program which calls for strong action in the fiscal, credit and foreign debt areas. The mission is convinced that the effective and integral implementation of this program will mark the beginning of a decisive action in an effort to solve the fiscal and balance of payments problems. Of course, the government's measures must extend far beyond 1980 in order to attain a far-reaching and lasting fiscal soundness. /The mission believes that the government's plan of action is an adequate basis for the IMF to increase its financial assistance to Costa Rica/. In accordance with the operative norms of the institution, the program is subject to the approval of the Fund's Management and its Board of Directors. This approval depends on the implementation of the fiscal measures that are a crucial part of the program.

(signed) J. E. Gonzalez."

To finish up, and to give the finance minister the opportunity to explain what the new taxes will do once they come into effect by decree tomorrow (except for the coffee export tax, which has been in effect since 13 December), I will list the articles affected by the new taxes: /beer, cigarettes, soft drinks, vodka, rum and vehicles of more than 1,000 cc's/ (excluding work pick-ups and minibuses). There will also be a surcharge of 50 cents per liter on gasoline, which will be turned over to the state by RECOPE as an advance on profits. We believe that just as in other countries of the world, this increase in the cost of gasoline will reduce consumption. /Be forewarned, however, that this 50-cent-per-liter surcharge does not include any change in the price of oil charged by OPEC/. There will also be a surcharge of up to 25 percent on the value of light diesel vehicles in order to compensate partially for the price of that fuel which, as is well known, costs the same as gasoline and is sold at a loss in Costa Rica. It cannot be replaced with alcohol, so we cannot continue to increase the number of vehicles that may in the near future suffer serious consequences from higher fuel prices. It should be a general rule that diesel consumption must be left for heavy machinery and public service and cargo vehicles.

Costa Ricans, the new luxury tax and the tax on non-essential goods, as well as the tax on coffee exports when the price is reasonable, will reduce the fiscal deficit and guarantee the stability of the colon.

I would like to make it perfectly clear that any addition to the budget from now on should be outweighed by new revenues if we want to protect the people of Costa Rica. What we are doing now has the sole purpose of improving the budget that has already been approved. For example, if more money for the universities is desired, then new sources of income must be approved. . . and so on for any other expenditure.

The government cannot continue to finance the customs duties of imported goods, nor can it allow these imports to reach the consumer with higher prices than normal just because there is an administrative possibility. The storage periods will be substantially curtailed, and the importer will have to finance all his imports with his own resources.

Our country has a great reputation, earned by its people throughout its history. The moral values of Costa Ricans make Costa Rica an oasis in a desert of social and political tragedy in the world.

We live in peace, and those who visit us feel it, appreciate it and comment on it; however, this country can only remain that way if we all work together, in good faith and with patriotism. Every day, in all our actions, we must struggle to preserve our democracy, the social advances and the values of Costa Rica, among which the most outstanding are peace and freedom. Our democracy should be conscious, responsible, serious; it must never be merely a superficial democracy.

Because of Costa Rica's characteristics, its geography and climate, its peace and freedom, God has called upon it to become better and better, as long as its people continue to struggle towards that end.

Let us look around us: Asia, Africa, Europe and Latin America are full of violence and anguish, injustice and violations of the most sacred human rights. That is the picture painted by the daily news, one of pain and barbarity.

December is a month of joy and peace, but only in a few nations; Costa Rica is one of them. The people should be cognizant and aware that the wealth of a nation can be destroyed by violence but it can also disappear through waste or carelessness. Our people spend without thinking; we spend too much on non-essential items, and squander our wealth. We should create a consciousness of the fact that only with proper care can things last. Let us care for our oases in America, which God entrusted us with, and left to us for our enjoyment. I would like to remind public officials that our duty is to serve; that is the main function of all of us, from the president of the republic to the lowliest of civil servants. We are all employed by the people of Costa Rica, and we must serve them. This is the best way to respect democracy. We must all take care of Costa Rica; governments and individuals are mortal, only the nation is eternal.

Costa Ricans, the change which the world is undergoing and will experience in the years to come demands discipline, hard work and frugality. I recommend that everyone see reality for what it is. The task of preserving Costa Rica as it is is the responsibility of all of us, the people and the government alike.

Rodrigo Carazo.

8926

CSO: 3010

PROVINCIAL PARTY COMMITTEE MEETINGS HELD

Cienfuegos Provincial Committee

FL310019 Havana Domestic Service in Spanish 0000 GMT 31 Jan 80 FL

[Text] The 12th plenum of the provincial party committee in Cienfuegos has conducted a detailed examination of the state of fulfillment of the agreements of the first PCC Congress and the Eighth PCC Central Committee Plenum. The meeting was chaired by Cienfuegos party First Secretary Humberto Miguel Fernandez and several officials of the PCC Central Committee.

The plenum examined the party's internal life and political and cultural education of militants as well as the work of mass dissemination media, the Union of Young Communists and its youth organs, mass and social organizations, organs of the people's government and judicial agencies. Also discussed at the plenum were the province's global economy, transportation and communications, construction, basic and light industries, food industry, public health, cattle industry, production of vegetables and tubers and the sugar industry in general, the mainstay of our country's economy.

In his closing remarks Humberto Miguel Fernandez referred to various aspects of the party's internal life and noted that this year Cienfuegos Province will have to carry out great tasks in the economic order. He called for increasing work productivity, making good use of the workday and struggling tenaciously against: Absenteeism and bad work habits.

Pinar del Rio Provincial Committee

FL311354 Havana Domestic Service in Spanish 1339 GMT 31 Jan 80 FL

[Text] The 10th plenum of the Pinar del Rio provincial party committee has ended with an appeal to work with the same devotion and determination, in this year of the second party congress, that the people of Pinar del Rio always have displayed.

The plenum was chaired by Pedro Miret Prieto, member of the party Politburo; Secundino Guerra Hidalgo, member of the Central Committee; Carol Miranda

Gonzalez, second secretary of the party in Pinar del Rio; and members of the [provincial party] Executive Bureau.

The status of the fulfillment of first party congress resolutions and agreements was examined at the meeting, particularly those concerning the overall economy of the province, internal education of party members and their cultural and political development.

It also was announced that Pinar del Rio will help Havana City with more than 1 million quintals of starchy vegetables in addition to the plan of 300 [as heard] per capita for this year.

Sancti Spiritus Party Committee

FL311317 Havana Domestic Service in Spanish 1200 GMT 31 Jan 80 FL

[Text] The Sancti Spiritus provincial party committee has held a special plenum during which it examined fulfillment of first party congress resolutions and other matters concerning economic, educational, services and construction plans.

At the meeting, Joaquin Bernal Camero, alternate member of the party Central Committee and party first secretary in Sancti Spiritus Province, referred to the status of the sugar harvest and outlined the necessary measures that should be undertaken to reduce delays.

CSO: 3010

CUBA

GDR SUPREME COURT PRESIDENT INTERVIEWED

FL311929 Havana Domestic Television Service in Spanish 1800 GMT 31 Jan 80
FL

[Recorded interview with GDR Supreme Court President Heinrich Toeplitz by television correspondent Ariel Larramendi--date not given; questions in Spanish, answers in German with consecutive Spanish translation]

[Text] [Question] What is the importance of this first visit of the president of the GDR Supreme Court to Cuba?

[Answer] With this visit we have achieved the objective of establishing contact with Cuban jurists. We had already established contact with Cuba's supreme court and the Association of Jurists. The invitation extended by Cuban Supreme Court President Dr Hart has made it possible for us to learn firsthand about Cuba's legal problems and to meet with personnel of the judicial system. In addition, we feel that this visit is very important to continue to strengthen relations between the supreme courts of our countries.

[Question] So far, what are the results of the talks you have held?

[Answer] We have held many meetings with excellent results. We believe the Cuban comrades will agree with us that the results have been very positive. Our objective has been to exchange information on the judicial system of our countries. We have also discussed the more important problems currently being heard by the courts, military legal system, civil and labor judicial system and the family code. We have exchanged information on current problems of our courts.

CSO: 3010

BRIEFS

TALKS WITH UGANDA DELEGATION--The Cuban and Ugandan delegations opened talks today. The Ugandan delegation is headed by Labor Minister (Barnabat) Kununka and the Cuban delegation by Joaquin Benavides, minister-president of the State Committee for Labor and Social Security. The Ugandan delegation, the first one to visit our country, will remain in Cuba several days holding talks on the development of economic cooperation between our two countries. Minister Benavides spoke briefly at the start of the talks to wish a fruitful development of contacts and Minister Kununka noted the role being played by Cuba in cooperating with countries of the underdeveloped world. [Text] [FL290238 Havana Domestic Television Service in Spanish 0100 GMT 29 Jan 80 FL] (Barnabat Kamayar Kanuka), labor minister of the Republic of Uganda, and his delegation have visited the headquarters of the Central Organization of Cuban Trade Unions--CTC--where they were received by CTC Second Secretary Agapito Figueroa and CTC Executive Secretariat member Jesus Escandel. During their stay at the Palace of Workers, the visitors were briefed on the structure of the Cuban labor movement and its work plans for 1980. At the fraternal and friendly exchange of views, the two sides expressed wishes for the strengthening of relations between the two countries. [Text] [FL311727 Havana Domestic Service in Spanish 1700 GMT 31 Jan 80 FL]

PORT OF NUEVITAS DEFICIENCIES--Guillermo Garcia Frias, member of the PCC Politburo and minister of transportation, has visited the port of Nuevitas accompanied by Lazaro Vazquez, first party secretary in that province. The party leader met with members of the governing council of that port of Camaguey Province to examine the accomplishments of 1979, praising the workers' efforts in handling 1,040,000 tons of goods. Guillermo Garcia pointed out to the members of the port's administrative directorate the deficiencies which motivated unfulfillment in various economic indices, such as production costs and work productivity. The minister of transportation urged the administration of the port of Nuevitas to take immediate action to eradicate organizational deficiencies which affect the economic results. [Text] [FL300014 Havana Domestic Service in Spanish 0000 GMT 30 Jan 80 FL]

DIPLOMATIC SERVICES ENTERPRISE--Vice Foreign Minister Pelegrin Torras has termed as outstanding the work done in 1979 by the workers of the enterprise of services to the diplomatic corps--Cubalse. Torras made the closing

remarks at a review meeting of the enterprise. The participants in the meeting observed a minute of silence to the memory of Comrade Celia Sanchez who founded the state assets collection enterprise of which Cubalse is the continuator. Torras noted the importance of work being done by Cubalse workers from the political and economic viewpoint and congratulated them for their successes. Cubalse Director Hugo Gonzalez Rodriguez reported that the enterprise traditionally exceeds its foreign exchange income plan with an average annual increase of 6 percent. [Text] [FL301728 Havana Domestic Service in Spanish 1700 GMT 30 Jan 80 FL]

NEW PACKING HOUSE--Julio Camacho Aguilera, member of the PCC Central Committee Secretariat and party first secretary in Havana City Province, has visited the packing house built east of Havana at a cost of 5.5 million pesos. The feeding of ammonia in the cooling system of the packing house began yesterday to put into operation 6 of its 21 storage chambers. These 6 chambers have a storage capacity of 1,980 tons. The installation has a total cold storage area of 25,000 cubic meters with a capacity of 9,100 metric tons. [FL311732 Havana Domestic Service in Spanish 1700 GMT 31 Jan 80 FL]

WORLD FOOD PROGRAM DELEGATION--Jose Ramon Fernandez, vice president of the Council of Ministers and minister of education, has received Mr (Mauricio Toshki), who is visiting our country accompanied by a delegation of the World Food Program sponsored by the United Nations. Minister Fernandez briefed the visitors on the development of the Cuban educational system. The two sides exchanged views on several educational topics. [Text] [FL312314 Havana Domestic Service in Spanish 2230 GMT 31 Jan 80 FL] Jose Ramon Fernandez, vice president of the Council of Ministers and minister of education, has received at the Education Ministry (Mauricio Nocke), chief of the liaison office in New York of the World Food Program and UN Development Program. The World Food Program delegation is in Cuba to evaluate the status of the Cuba 760 project [as heard]. The delegation includes (Angeline Robert Baliut), program officer of the World Food Program handling the Cuban project; (Recheska Projaronki), senior nutrition official of the World Food Council; and Pedro (Galindo Benegas), UNESCO official. During their stay at the Education Ministry, Minister Fernandez briefed them on Cuban education development. This was followed by a broad exchange of views on various educational subjects. [Text] [FL311136 Havana Domestic Service in Spanish 1100 GMT 31 Jan 80 FL] Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, has received the delegation of the World Food Program headed by (Mauricio Notchi). The Cuban leader and the visiting delegation discussed the progress of the Cuba 760 project, which is being sponsored by that organization, as well as future cooperation. [Text] [FL010013 Havana Domestic Service in Spanish 0000 GMT 1 Feb 80 FL]

FRG POLITICAL LEADER--Carlos Rafael Rodriguez, member of the PCC Politburo and vice president of the Councils of State and Ministers, has received Prof (Horst Henkric), leader of the German Social Democratic Party, who is

visiting our country at the invitation of the PCC. During the talks, which were held in cordial atmosphere, the two leaders exchanged views on the international situation and discussed the relations between Cuba and the FRG. [Text] [FL302239 Havana Domestic Service in Spanish 2230 GMT 30 Jan 80 FL]

GDR EDUCATION MINISTER--GDR Education Minister Mrs Margot Honecker will arrive tomorrow for an 8-day visit. During her stay in our country Comrade Honecker will observe an extensive plan of visits to various educational centers, among them, the President Allende teachers school, the Lenin vocational school and the 26 July school-city in Santiago de Cuba. The GDR education minister will also tour the Isle of Youth and make a visit to the Ernesto Che Guevara preuniversity farm institute. Minister Honecker will sign a cooperation agreement between the education ministries of the Republic of Cuba and the GDR and will visit the Enrique Jose Varona institute of higher education in Ciudad Libertad. [Text] [FL301947 Havana Domestic Service in Spanish 1837 GMT 30 Jan 80 FL]

AFRICAN, NICARAGUAN STUDENTS--GDR Public Education Minister Margot Honecker and the delegation accompanying her have toured four farm schools located on the Isle of Youth where African and Nicaraguan students are attending classes. The delegation was accompanied by Jose Ramon Fernandez, member of the PCC Central Committee, vice president of the Council of Ministers and minister of education. [Excerpts] [FL041141 Havana Domestic Service in Spanish 1100 GMT 4 Feb 80 FL]

GREEK TANKER REFLOATED--The Greek tanker Princess Anne-Marie, which was hard aground near La Barca beach, west of Corrientes Bay in the southern part of Pinar del Rio Province, has been refloated and is now located in deep waters some 2 miles from the coast, thanks to the extraordinary efforts made by the workers of the Cuban salvage enterprise Antillana de Salvamento. On 28 January at 0120 hours, the ship ran aground on a coral reef while cruising at a speed of 14 knots. The hull suffered some damage which caused an oil spill, contaminating the Corrientes Bay with more than 6,000 tons of oil. The spill has now been stopped and only a very small leak has been detected. [FL021501 Havana Domestic Service in Spanish 1145 GMT 2 Feb 80 FL]

BARACOA AIR CRASH--Yesterday a bad accident at the Baracoa airport resulted in the death of one person and injuries to the other passengers and crewmembers. The accident took place at 1050 hours yesterday, Sunday, when the YAK-40 aircraft, flight 606 between Moa and Baracoa, crashed on landing. The person killed was Serafin Vilario Camilo Cruz, a resident of Moa, and the injured taken to Santiago de Cuba were Captain of the Flight Orlando Otero, (Misael Fito), Irma Reyes, Clara Leyva, Nelmy (Lambert), Danile Fuentes, Esther Santana and Segundo Matos. The other passengers are being given medical attention in Baracoa. [Text] [FL041256 Havana Domestic Service in Spanish 1145 GMT 4 Feb 80 FL]

OIL SPILL DAMAGE--The consequences of an oil spill resulting from the Greek tanker Princess Anne-Marie running aground are unforeseeable, the specialists inspecting affected areas have stated. The coastal area contaminated with the oil covers some seven kilometers and is impregnated with a heavy coat of crude which extends several meters inland. The specialists noted that as a result of the primary contamination, there now is an oil slick one mile long and half a mile wide which is traveling with the Gulf current. It is feared that this oil spill has already invaded the rich lobster area of La Lena Keys, north of Guanahacabibes Peninsula. [Text] [FL041256 Havana Domestic Service in Spanish 1145 GMT 4 Feb 80 FL]

PORTUGUESE COMMUNISTS VISIT--A delegation of the Portuguese Communist Party headed by Secretary General Alvaro Cunhal has visited the Jose Smith Comas Sugar Mill in the Municipality of Cardenas, Matanzas Province, touring different areas of that industry. The delegation is also composed of (Antonio dos Santos), member of the Portuguese Communist Party Central Committee. On arrival at the sugar mill the delegation was received by Guillermo Garcia Beltran, member of Matanzas Provincial Party Committee, and Raul Ferrer, party organizing secretary at the sugar mill. During the tour the visitors observed the process of production of sugar, which is so important for our country's economy. [Text] [FL041353 Havana Domestic Service in Spanish 1249 GMT 4 Feb 80 FL] Alvaro Cunhal, secretary general of the Portuguese Communist Party, has arrived on the Isle of Youth to tour historic and educational places. He was received at the air terminal by Armando Manresa, first secretary of the municipal party committee, [name and position as heard] and other members of the party executive bureau. Accompanied by Rafael Polanco, deputy chief of the party Central Committee's general department of foreign relations, the delegation, upon visiting the Pr sidio Modelo Museum, were briefed on the difficulties experienced by the attackers of the Moncada Barracks. The delegation also visited the Finca el Abra National Monument, where Jose Marti lived, and schools for students from Angola and Mozambique. [Text] [FL042314 Havana Domestic Service in Spanish 2230 GMT 4 Feb 80 FL]

GDR MINISTER VISIT--GDR Education Minister Margot Honecker and the delegation she heads today visited the Education Ministry where they were received by Cuban Education Minister Jose Ramon Fernandez, member of the party Central Committee. During the visit, Fernandez briefed the visiting delegation on the education system in our country. PCC Central Committee member Asela de los Santos and members of the Education Ministry Management Council participated in the meeting. The delegation this afternoon will visit Lenin Vocational School. [Text] [FL011845 Havana Domestic Television Service in Spanish 1800 GMT 1 Feb 80 FL] GDR Public Education Minister Margot Honecker this afternoon visited the Lenin Vocational School accompanied by PCC Central Committee member Asela de los Santos; German professors (Manfred Klopfer), deputy director of the sciences department, (Everhard Rose), deputy director of the institute for teaching natural sciences of the GDR Academy of Pedagogic Sciences, and (Giselle A. Belart). Sonia Romero, director of the Lenin

School, briefed the visitors on the educational system. Minister Honecker and the delegation accompanying her toured the different installations, among them, the computer center, museum and physics methodological laboratory, where they were extensively briefed on the activities conducted there. Mrs Margot Honecker conveyed warm greetings to the Cuban pioneers on behalf of the GDR children. Pioneer Alicia Melgarejo, a seventh grade student, presented the GDR minister a neckerchief and lapel button accrediting her as member of honor of the school. [Text] [FL020218 Havana Domestic Television Service in Spanish 0100 GMT 2 Feb 80 FL] GDR Public Education Minister Margot Honecker and the delegation she heads have toured the city of Manzanillo, Granma Province. The German official visited the Ruben Bravo teacher training school in Manzanillo where the fourth national seminar for methodologists and inspectors of the five eastern provinces opened today and will last until 6 February. Margot Honecker was interested in the progress of the work at the seminar in which 900 participating delegates are examining important aspects of the country's educational problems. The German leader is accompanied on her visit to the city of Manzanillo by Cuban Education Minister Jose Ramon Fernandez. Today they will tour other educational, economic and historical centers of Granma Province. [Text] [FL042134 Havana Domestic Service in Spanish 2109 GMT 4 Feb 80 FL]

SUGAR TO ANGOLA--This year Cuba will supply 70,000 metric tons of sugar to the People's Republic of Angola as part of the expansion of trade relations between the two countries. This supply of sugar is included in a protocol signed in Luanda by Cuban Ambassador to Angola Jaime Crombet and Angolan Foreign Trade Minister Lopo do Nascimento [as heard]. [Text] [FL022031 Havana Domestic Service in Spanish 2020 GMT 2 Feb 80 FL]

ANTI-CASTRO POSTERS IN HAVANA--Overnight vigilant patrols have been stepped up in the Cuban capital following the appearance of leaflets and posters hostile to Communist President Fidel Castro, reports Reuter. The patrols are manned by members of 'Neighbourhood Committees for the Defence of the Revolution,' founded in 1960 as a bulwark against sabotage by anti-Castro groups. A member of a vigilant patrol told Reuter's correspondent later Wednesday night: 'Yes, it is true, the patrols have been stepped up, before it was two persons per zone, now it is two per block. We have been told to be more alert.' During a midnight stroll through a densely populated city centre district, two unarmed vigilants were seen at most street corners. Committees for the defence of the revolution have held meetings in recent days to discuss what was billed as 'an important matter,' foreign correspondents are not allowed into such meetings. So it was not known whether they concerned the security measures. [Text] [Dacca THE HANGLA DESH OBSERVER in English 12 Jan 80 p 8]

CSO: 3010

GOVERNMENT JUNTA MEMBERS HOLD NEWS CONFERENCE

PA042121 San Salvador Domestic Service in Spanish 1830 GMT 1 Feb 80 PA

[News conference held by government junta members at Government Palace on 29 Jan 80--recorded]

[Excerpts] [Question] Newsmen Javier Dario Restrepo of Colombian Television and EL TIEMPO of Bogota. Colonel Majano, in view of the fact that you are the most senior member of the junta, I would like to ask the following. We have seen a warlike situation in your country; where is this leading to, Colonel?

[Col Adolfo Arnaldo Majano Gutierrez] You say there is a situation of war. I must admit there is violence in the country and there is domestic social unrest. This is a situation caused by social, economic and political problems, which have led to military problems from the viewpoint of the country's security. In this regard, I could identify with your viewpoint that there is a warlike situation, although I find the term war alarmist. It is merely a situation of domestic unrest.

We are moving toward a transformation of the country, basically in the economic area. This will be effected through land reform measures and it is primarily toward this basic transformation that we are moving. At the same time we will maintain a republican system. Our democratic revolution is bringing about a republican system and it is only in the area of public order that we are retaining the present system.

However, things produce internal disturbances. There are two causes for these internal disturbances: There are the basic problems that are already old. They have accumulated for many years. Second, at this moment there are interests to be defended from the situation that formerly existed. [sentence as heard] This is the cause of these internal disturbances. These are the problems that we realize have to be solved.

[Question] Blanch [name indistinct] of UNO MAS UNO, Mexico. I have a question for Colonel Majano. During the past 5 months, the armed forces have issued two proclamations with democratic intentions. Nevertheless, the

present government is alienated from the organized sectors of the population. What is there within the armed institution that is preventing the fulfillment of the proclamation's promises?

[Majano] Frankly we feel that the armed forces have made several public pronouncements beginning with the first pronouncement made some 3 hours after the new government was established. But, basically, we are being governed by a single proclamation--the armed forces proclamation, as we have called the basic document. On different occasions, however, we have expanded on the concepts of that proclamation.

Within the armed forces, different institutional problems have occurred, just as the entire country has experienced a reorientation of its political life, but there is nothing within the armed forces that impedes the realization of the process of change.

[Question] Frances Aguirre of Caracas Radio and Television. When you took power, it was said internationally that the United States had promoted this military overthrow. To what extent can the United States really intervene in El Salvador at this time?

[Majano] We have all answered this question with the reply that there has been no interference from the United States. Is that not true? On this occasion, I can say the same thing. There is no interference in the domestic problem, in the process which we are trying to carry out.

[Question] Angel Luis de la Salle of newspaper EL PAIS, Madrid. I would like this question to be answered by some representative of the Christian Democratic Party [PDC]. Representatives of the government junta who resigned in December 1979, said that their resignation was due to the fact that it was impossible for the government junta to carry out the reforms prescribed in the (armed forces) proclamation. If the program of the PDC, when it became a member of the government, is even more radical than the previous one and since, apparently, the circumstances which led to the resignation of the previous members have not changed, what makes the PDC believe that it will be possible to carry out these reforms?

[Hector Miguel Antonio Dada Hirezi] First of all, we have to say it is not true that the circumstances that prevailed when the junta members resigned are exactly the same as when some members of the PDC assumed government posts. One factor obviously changes the situation; the armed forces has publicly renewed its commitments to carry out reforms. This is an element which we feel should not be ignored.

The commitment was renewed with greater definition of the reforms to be made. From this viewpoint, it seemed to us that a door was again being opened to a process of reform and we decided to accept the challenge. We do not believe all possibilities of reform have been exhausted.

[Question] Joaquin Salgado of Radio Nacional, Spain. My question is also addressed to Dr Hector Dada. The PDC members reportedly said that if it were proved that security forces were involved in the 22 January demonstration, you would resign from the government junta. The junta has apparently confirmed that security forces did shoot on that occasion and, moreover, there are constant advertisements in the newspapers making charges about massacres of peasants in various parts of the country. In other words, there continues to be very heavy repression. However, you are still in the government.

My question has a second part. How do you explain the fact that the church, or a large segment of the Slavadoran church--particularly the most progressive segment--does not support the PDC in government?

[Dada] I will begin with the second question. I believe this should be addressed to the church. The church has no obligation to support the PDC. One speaks of the church in terms which are too generic. There is no one single position within the church.

It is very important to note that the church has played a basic role in reporting injustice in the country. And in this regard, I would say that the position of the archbishop of San Salvador is exemplary.

Regarding your first question, we did not say we would resign if it were proved that members of the security corps had been involved in the 22 January incident. We said that if such proof were obtained, we would bring those responsible to trial. At this time, the attorney general's office has begun a thorough investigation of this incident, and the results of this will determine our future position.

Now, regarding the reports of deaths in the country, we must distinguish between subversive acts and confrontations, just as the armed leftist organizations do. I believe we cannot be so cynical as to believe that because we joined the government, such confrontations in the country will end.

[Question] Guillermo Penate Zambrano, AFP. Some sectors have the impression from public statements by members of this government, that there are two trends in the army, one which is looking backward and the other which is looking ahead. Those looking backward are said to be the ones trying to create problems for the government so that it has to face difficult situations; those looking ahead are the so-called young sector or progressives. You have explained this before, but it is necessary to define the situation. Another thing, the democratic sector of the government has been criticized, specifically the Christian Democratic Party [PDC], for not defining its position under the current circumstances. It has attacked the oligarchy without fear, but it has not dared to attack communism which is causing more problems. They accuse the PDC of playing up to the leftist sector in the country which in turn rejects the PDC. Proof of this is the seizure today of the PDC's headquarters. While the PDC says these problems

will be solved because they are working for the majority of the people, the sector they refer to as the popular groups are constantly accusing the PDC of sharing power with a sector they want nothing to do with.

[Majano] With respect to the first part of your question, public speculations have influenced your views in that respect. I can tell you however, that these matters, which are so controversial, with subjective opinions, depends on the angle from which we focus on the problem. In other words, the public thinks that there are two trends within the military institution or two views or two different positions. This could be considered as the result of a situation maintained by generations within the armed forces. What is important for the Salvadoran people and the world regarding the political problem in El Salvador, particularly the armed forces, is that we all have the obligation to carry out the proclamation, no matter which method we wish to apply. As an institution it maintains the position of reaching a goal. This is an advantage the institution is giving the country at this moment, independent of the personal view of any of its members. Once the government junta, which presides over the armed forces makes a political decision, all its members have the obligation to back the measures to be taken. There is a decision to support the most important measures for changes which have been publicly announced, such as the agrarian reform, which is the most important point in the government program.

[Question] Eduardo Vasquez, AP. Dr Dada Hirezí, the simplest way to be able to speak systematically for the people is to do so after elections in which the people express support for one system or another or for one or another. Why has there been no talk so far about elections in this present conflict currently affecting the country?

[Dada] I think that this has been very clear, not just today, but ever since the 15 October proclamation. The truth is that the electoral process has been so badly mishandled by a corrupt right in this country that it is necessary to restore confidence in democracy here. If confidence in democracy exists it was not destroyed by the armed leftist movements, but by rightists who falsified the people's positions to support plans for structural change. [sentence as heard] Therefore, the people have already chosen change and it is by complying with the people's decision to carry out changes in the country that it will be possible to restore the people's confidence that their will, will be done.

The people will have the opportunity to express their will soon.

I believe the people in this country have expressed more support for programs than for people. The results of 1977 are the most eloquent proof of this. Therefore, I think there is some legitimacy in implementing a change process for which the people have expressed support. They are calling for certain different secondary characteristics within a different framework.

Within a relatively short time, the people will necessarily be called again to the polls to reestablish the normal governmental control in the country. But for this to take place, certain conditions must be reestablished to permit the electoral process to be a part of a democratization process rather than one in which no one has confidence and which for this reason would become a rather bloody mockery that later (?returns) the country to its previous conditions.

EL SALVADOR

SOCIAL DEMOCRATS CALL FOR WORLD SOLIDARITY TO END REPRESSION

PA042222 Paris AFP in Spanish 0013 GMT 4 Feb 80 PA

[Text] San Jose, 3 Feb (AFP)--With a strong appeal to world opinion and to the democratic governments of the world for their solidarity to help end the criminal repression in El Salvador a meeting sponsored by social democrats to analyze that country's situation concluded here this week.

The meeting was attended by various Latin American socialist organizations, the Salvadoran national revolutionary movement and the national revolutionary coordinating body of El Salvador, which groups several leftwing organizations.

In a joint declaration signed at the conclusion of the meeting the participants charged that ideological and political persecution, numerous murders, torture and imprisonment are criminally practiced by the oligarchy that has dominated the Salvadoran people.

The only way to reduce the loss of human lives and social costs in this bloody crisis, the document added, is to achieve unity among all Salvadoran popular forces.

Guillermo Ungo, former member of the Salvadoran governing junta, also present at the meeting, pointed out that presently democracy is restricted in El Salvador and controlled by repression. He called for all popular forces to put aside their ideological differences and unite.

Ungo accused the Salvadoran Christian Democrats, the only party participating in the present government in coalition with the armed forces, of playing a role contrary to the people's interests and of being an accomplice in the recent massacres in that country.

Meanwhile, the information officer for the Peoples Revolutionary Bloc (BPR), Ana Maria Gomez, told AFP that presently the popular sectors of her country are starting an offensive designed to reinforce their ranks.

The BPR leader, carefully choosing every word she said, noted that we cannot start a final offensive until we have first achieved a popular organization; otherwise, the revolutionary movement would collapse.

The coordinating committee of the United Peoples Action Front (FAPU) yesterday published a full page advertisement supporting a meeting of the Socialist International and calling for the creation of a popular government of national salvation in El Salvador. That government, the FAPU document stated, must be democratic, popular and pluralist, with the participation of the young military officers.

If this is not done, the communique stressed, the fascists will have more time to enter into a venture with the Guatemalan armed forces and their allies, such as the national liberation movement, of the extreme rightwing, which already has the mercenaries ready to invade the country.

FAPU warned that there are forces interested in creating an international conflict in Central America, and accused the fascist sectors of Guatemala and Honduras of wanting to revive the Central American Defense Council.

CSO: 3010

EL SALVADOR

PCF PAPER CLAIMS EL SALVADOR SHOOTINGS UNPROVOKED, U.S.-BACKED

LDO41517 Paris L'HUMANITE in French 24 Jan 80 p 10 LD

[Report by Jose Fort: "Shot for Shouting 'Down With Imperialism!'"]

[Excerpts] American bullets have killed once again in El Salvador. While the biggest people's demonstration which the capital of this Central American country has ever seen (100,000 to 150,000 participants) was proceeding calmly, elements of the El Salvador security forces fired on the procession, killing at least 40 people and injuring several hundred others. According to the eyewitness reports we received by telephone yesterday afternoon, American nationals were spotted near the National Palace, whence the first shots were fired.

The massacre took place as power union workers reached the National Palace. The shots rang out at that very moment. According to the witnesses we were able to question yesterday, El Salvador security service officers immediately opened one--or several--doors of the National Palace and then opened fire on the crowd. Also according to these witnesses, "foreigners" who looked like "Yankees" and spoke with "northern" accents were positioned close by with two-way radios.

How many people were killed? "Impossible to calculate exactly," our interlocutors answered, but "the hospitals are full."

An initial assessment indicates that 40 people were killed. Shots continued throughout the night, and yesterday evening the army surrounded the San Salvador university campus where some 15,000 to 20,000 people took refuge.

Groups of soldiers with automatic weapons targeted on the exits sealed off the university. Will the colonels organize a new massacre?

This Wednesday has been decreed a "day of mourning" by the democratic organizations. Popular feelings are running high and a new demonstration was expected on Wednesday.

How many more innocent victims, whose only crime is to shout "freedom" and "down with imperialism," are falling under the bullets as these lines are being written?

The people I spoke to yesterday are asking questions: "Who gave the order to open fire?" "Who are the 'foreigners' positioned behind the El Salvador police?" "What are several dozen U.S. State Department officials, who are not members of the diplomatic staff, and some very strange 'advisers' planning in El Salvador?"

The bullets which shed the blood of El Salvador democrats on Tuesday bear the trademark: "Made in USA!"

CSO: 3010

EL SALVADOR

BRIEFS

NICARAGUAN KILLED--San Miguel (El Salvador) 4 Feb (ACAN-EFE)--Authorities today confirmed the death Friday of a Nicaraguan who apparently had come to El Salvador together with some other Nicaraguans to cooperate with extreme leftist groups. The dead man, Ernesto N. alias "Amilcar," was identified by Jose Molina Perez, a Nicaraguan captured when the army dislodged a group of men from a Catholic church in this city, 138 km east of San Salvador. This is the first report of foreigners involved in clashes against the armed forces in El Salvador. The Saint Francis church north of here was occupied by activists of the United Popular Action Front for several days, before being cleared Friday by the army. Authorities claimed the occupiers of the church opened fire on a military patrol and wounded a soldier, forcing the army to take action. Sources close to the government say the presence of two Nicaraguans could be an isolated case, and does not necessarily mean they are supported by the Nicaraguan Government. Nicaraguan Foreign Minister d'Escoto has repeatedly said publicly his country will not help the Salvadoran leftists' armed struggle. Molina Perez, the surviving Nicaraguan, has been arraigned before the Salvadoran military courts.
[Text] [PA050426 Panama City ACAN in Spanish 0007 GMT 5 Feb 80 PA]

CSO: 3010

'TIEMPO' VIEWS BOWDLER'S CENTRAL AMERICAN TOUR

PA031315 San Pedro Sula TIEMPO in Spanish 26 Jan 80 p 2 PA

[Text] The unexpected visit of Assistant Secretary of State for Latin American Affairs William Bowdler, has awakened much interest as well as much concern among "extremists" who say that his direct policy is having immediate effects in Central America.... Ambassador Bowdler whom Guatemalan newsmen have given the Indian name of "Eagle's Eye," perhaps recalling the novel "The Last of the Mohicans," has come to the tropics, undoubtedly because of the Salvadoran situation which is deteriorating by the minute.

The United States has apparently given the Salvadoran civilian-military junta its total support, while the extremists, anticommunists and super communists are killing each other in a radical and intransigent manner. As far as intransigency is concerned, however, the communists are ahead and are responsible for the situation existing in that country and in Central America.

This is true to such an extent that the civilian-military junta has blamed the "rightists" for the recent massacre during a peaceful demonstration in the streets of San Salvador. According to the government the extreme right is trying to lead the armed forces into a brutal repression, "Which we will not do," they say. This is just as it is in Honduras, only here the rightists seem to be getting their way.

Well, Mr Bowdler, in order to implement a policy in the region, will need a general knowledge of armies and political parties, and here lies the problem. If we abide by the so-called "northern triangle" Guatemala would have to tread an intermediate path, something like a Christian-democracy, if this were possible. Honduras needs well-directed armed forces aware of the political situation and with an eye to the future and political parties of the same nature. From any point of view, this is not very probable at the moment.

Therefore, this interest or good-will, whatever you want to call it, to double U.S. economic and military aid to Honduras, has its Achilles heel.

Who is going to handle this aid? Will it be the little military-political clique which makes decisions at the highest armed forces level? Will it be the Suazo-Cordoba or Zuniga cliques? Will the republic continue to be fattened for the benefit of those who wield power in the country? Or will it be the way the United States thinks, and Honduras will be saved from the bloody Central American catastrophe?

CSO: 3010

'LA PRENSA' CONDEMNS GUATEMALAN REPRESSION

PA041407 Panama City ACAN in Spanish 2046 GMT 3 Feb 80 PA

[Text] Managua, 3 Feb (ACAN-EFE)--"What happened at the Spanish Embassy in Guatemala last Thursday was not only a tragedy which could have been avoided but also illustrates the repressiveness and unpopularity of regimes that still exist in Central America, regimes whose only solution to any problem is violence and death."

This was in an editorial today in LA PRENSA. The attack on the Spanish Embassy in Guatemala City caused the death of 39 persons and injuries to 2 others, one of whom was Ambassador Maximo Cajal y Lopez. This incident provoked international condemnation.

"There was no logic or reason involved in coming up with a solution to the problem. It was an occupation by the people, and instinctively a gorrilla-type solution was applied to the problem, regardless of the consequences," the newspaper said.

"What were the consequences? Death, a break in relations with a sister country, Spain, and the conclusion once again that unfortunately there are still countries where people cannot live in freedom."

The newspaper adds that when these people demand solutions, "They have to flee to other countries, creating a population problem when this burden is placed on other poor communities. Otherwise they will be buried at home when gorrilla bullets put an end to their dreams of freedom and progress."

The newspaper adds that "today, sharing the sorrow of Spain, a country which has been so generous to Nicaragua, we are in solidarity with their sorrow over their diplomatic personnel and outraged at a tragedy which could have been avoided and which is considered "absolutely intolerable" in the eyes of other nations also. [quotation marks as received]

LA PRENSA Sunday also noted the report issued by the Jesuit communities in Central America and Panama on the situation of the Guatemalan peasants, "who are living through a crisis marked by a terrifying daily tragedy."

Based on the PUEBLA declaration the Jesuits' report refers to the clamor of millions of "impoverished and oppressed brothers in Guatemala" and notes that "this clamor may have seemed muted, but it is now clear, growing and threatening."

It describes how landowners and ranchers see their profits grow from the increasing prices of export products on the international market, while wage earners are deceived with promises without any increases in their salaries.

"In many cases, as with cotton, the health and even the lives of the Guatemalan workers are held in low esteem," the report emphasizes.

"In Guatemala," the Jesuits state, "the salaries of government workers are increased, but immediately thereafter the price of bread, electricity, water, gas and so forth is increased. In general, the living conditions in cities--unemployment and miserable housing--sink the wage earners more each day into a misery comparable to that of the agricultural workers."

The report says that "this anguish is maintained by a repression more acute than any which was known in Guatemala's recent history."

The report adds: "An unjust repressive regime is thus trying to keep the working people from demanding their rights. Kidnapings, torture and murder are carried out from unmarked cars. There are also night ambushes and selective terrorism, which is massive and indiscriminate."

It emphasizes that authorities reported recently that during the first 10 months of 1979 a total of 3,252 persons were murdered in Guatemala by the "death squadron."

"All these horrible crimes occur with absolute impunity. It has become proverbial that there are no political prisoners in Guatemala--only bodies and persons who have disappeared," the Jesuit analysis says.

"To close one's eyes to this reality, under the pretext of anticommunism, is the equivalent to what the Latin American church said in PUEBLA: The fear of Marxism keeps many from confronting the oppressive reality of liberal capitalism. But above all it leads us to ignore the cry of God the father of Jesus Christ, the God of life: Where is your brother? His blood calls to me from earth."

CSO: 3010

COMMANDER BORGE SPEAKS AT LABOR UNION MEETING

Urges Unity, Condemns Counterrevolution

PA041728 Managua Radio Sandino in Spanish 1200 GMT 4 Feb 80 PA

[Excerpts] At a gigantic meeting, the merger of the union of masons, ship-builders and related occupations was established yesterday with the election of a single board of directors. The ceremony was attended by Commander Tomas Borge, who made an impassioned plea for unity to work, to struggle, to fight, to face up to the enemies.

Many individuals oppose this unity, Borge said, and my reply to them is: Unity for what purpose? [Begin Borge recording] Unity for its own sake? No. It must be unity to defend the revolution. It must be unity to deepen the revolution. It must be unity to increase production. It must be unity to face up to the counterrevolutionaries of all kinds, [applause] to face up to those counterrevolutionaries who do not disguise themselves; they are counterrevolutionary wolves. However, it is also necessary to face those who are wolves in sheep's clothing and who are out there fighting against the revolution. [applause]

One must face those who, disguised as revolutionaries and using hypocritical leftist language, are fighting against our people's conquests; those who have hidden weapons in order to assassinate our fighters; those who are trying to reduce production; those who spread counterrevolutionary rumors; those who, using a microphone, want to sow economic terror in our country.

There are some out there who have caused serious economic problems. There are those who spread the lie that there was no cooking oil in Nicaragua, whereupon everyone began to buy up cooking oil, thus producing an artificial shortage of oil and making it more expensive.

There is sufficient cooking oil, but the necessary mechanisms must be sought to have it reach the worker at a fair, reasonable price.

But those campaigns are not accidental. They are part of a counterrevolutionary plan. Those who are disseminating such lies, while exercising the freedom of expression that exists in Nicaragua, have sold out to foreign interests that seek to destabilize our revolutionary process. [applause]
[End recording]

Position on Foreign Loans

PA041734 Managua Radio Sandino in Spanish 1200 GMT 4 Feb 80 PA

[Text] In his speech yesterday at a labor union meeting Commander Tomas Borge explained his position regarding the loan of \$75 million that the United States will grant to our country. Borge said clearly that the Sandinists will not sell out or surrender for a few dollars more or less.

Conditions are imposed only by the people, the interior minister said. [Begin Borge recording] We have made some efforts to obtain loans. We need soft loans that will allow us to produce a surplus for the future. But when a U.S. congressman, during a certain situation, told us that we should support a U.S. position, we told him: We Sandinists do not sell ourselves for a few dollars, [applause] and if they wish to give us a loan, then do it without conditions, because they are unaware of the revolutionary energy of the workers and of our people, who would rather die of hunger than kneel before a master.

The revolution will be carried out basically by our people's efforts. If we get aid from abroad, great. But if we do not get it, we will tighten our belts and fight alone against everyone for this revolution. [applause]

They will never get us to kneel before anyone. They will never get us to pay homage to the masters of the past, because in Nicaragua we kneel only before the Nicaraguan people. In Nicaragua we kneel only before the revolution and above all in Nicaragua we all kneel before the children, who are the pampered ones of this revolution. [applause]

We are humble, but while being humble, we hold our heads high and our fists clenched in the face of the arrogant ones who want to impose conditions on our leadership of this revolutionary process which belongs solely and exclusively to Nicaraguans. [applause]

And to those inside Nicaragua who want to impose conditions on us, we say: The revolution will give them every opportunity and if they are basically honest they will have to understand that there is a revolution underway here and that things cannot be the same as before; that there is a working class which has freedom and is not the oppressed working class of the past. There exists the determination to move forward and not even an inch backward in the development of the revolution.

Let the cowards move backward. Let the pusillanimous and the vacillating move backward. But the workers and the peasants and the Sandinist National Liberation Front know only one path. It is the one on which one marches forward. [applause] [End recording]

CSO: 3010

POLICE COMMANDER PRAISES PANAMANIAN ASSISTANCE

PA042018 Managua Radio Sandino in Spanish 1800 GMT 4 Feb 80 PA

[Excerpts] Police arrested 65 persons this weekend, including two gangs of outlaws which were broken up, Comdr Rene Vivas, official in charge of the Sandinist police, reported this morning.

Vivas said the high crime rate is due to the fact that the former regime had pacts with these criminals, many of whom are now free to commit crime.

Commander Vivas said that despite limited manpower, the police have already disbanded several criminal groups. Here are his remarks:

[Begin Vivas recording] The police have arrested many persons, many of them for disturbing the peace, drunkenness, drug abuse and so forth. The fact is that Somozism not only destroyed our country physically, but also, in the course of 50 years, established a high rate of corruption which is now our social burden. Most of those arrested were Somozist minions, war criminals, former national guardsmen.

[Question indistinct about Panama]

[Answer] Panama is among several countries that offered us their solidarity. The Panamanians initiated the training of police and we have maintained very close relations with the Panamanian Government, national guard and people. We received an offer from the Panamanian Government to train some of our comrades. We accepted and now those comrades are there to receive police training for approximately 2 months. [End recording]

CS0: 3010

PANAMA'S DEVELOPMENT DISCUSSED BY GENERAL SECRETARY OF PEOPLE'S PARTY

Moscow LATINSKAYA AMERIKA in Russian No 6, Nov-Dec 79 signed to press
9 Oct 79 pp 36-47

[Remarks by Ruben Dario Sousa, general secretary of the People's Party
of Panama: "Panama: A New Stage"]

[Text] Ruben Dario Sousa, general secretary of the People's
Party of Panama (PPP), visited the editorial board
of the journal LATINSKAYA AMERIKA. He talked about
the specific features of the situation in Panama,
where progressive forces are active, a sit-
uation which has developed since the signing of
the Panama Canal treaties.

In April 1980 the PPP will celebrate its 50th
anniversary. After long years of difficult struggle
under illegal conditions the PPP has come out from
underground and is continuing to work actively on
the solution of new historical tasks which the country
faces. The most important aspects of the development
of Panamanian society and the goals of the progressive
forces at the present stage were brought to light
by R. Dario Sousa in the course of the discussion;
the editorial board offers for our readers' attention
an account of this discussion.

The signing by Omar Torrijos and J. Carter of the Panama Canal treaties is
a distinguishing feature and one which is leaving its imprint on the
current situation in Panama. The historical significance of this
event lies in the elimination of the legal basis for colonial
domination in the Canal Zone.

It is essential to emphasize this fact in particular in order not
to confuse it with other aspects of the country's development which
continue to exist unchanged. If we did not do this it would be

possible to come to the conclusion that little has changed in Panama. For example, why has it become possible to achieve victory over imperialism on the issue of the Canal Zone when the alignment of class forces remains as it was before? After all, the social structure of the country continues to remain unchanged, and if a dogmatic approach is taken toward this problem, one could say that inasmuch as no sharp exacerbation of the class struggle has taken place in Panama, the situation is not changing.

In our opinion, which has found reflection in the documents of the October Plenum of the PPP Central Committee, which took place in 1978, this kind of approach to the problem is oversimplified. In our society, which has a low level of development, which has never experienced a revolution, and which has various economic structures which coexist, it would be Utopic to assume that we could solve immediately all the social problems which have developed.

In our examination of Panamanian conditions our basic premise is that the country faces concrete historical goals (as, for example, the need to end colonial dependence), and that even with the present alignment of class forces it is completely possible to achieve these goals. However, the international experience of the revolutionary struggle provides evidence that the elimination of colonial dependence, as well as the solution of other democratic tasks which precede the socialist stage of revolution, do not by themselves constitute a guarantee of further intensification of the process which would lead to a higher stage of socialist transformations.

Here one can talk about the emergence of intermediate situations, which precede the classic forms of profound, radical and much more acute struggle, which is characteristic of the higher period of the revolution. It is from this position and with consideration for this perspective that we approach the appraisal of Panamanian conditions--new tasks of an historical nature arise within the framework of the previous class structure.

These trends will undoubtedly increase to an even greater degree as a result of the return of the Panama Canal Zone in October 1979. About 70 percent of the Zone, with all the property located on that territory, will become the property of the Panamanian state. There is no doubt that this is an event of exceptional importance inasmuch as the Panamanian government should receive facilities, enterprises and equipment worth a total of several billion dollars.

The transfer of this property may play a decisive role in the economic role of the development of Panama. However a question arises immediately in this regard: in what way will this property be integrated into the national economy?

At the present time we are on the threshold of a situation in which representatives of various social strata will begin to undergo a process of re-evaluating their economic interests this will predetermine the regrouping of class forces. This, in turn, must lead to the growth of the class struggle. As remnants of the colonial dependence are destroyed in the new situation, there will be changes in the slogans of the anti-imperialist struggle, as well as in the tasks related to the elimination of the consequences of colonial domination in the Canal Zone and the achievement of genuine independence. In other words, the struggle to achieve genuine independence is being activated; moreover, its main goal will be to liberate the country from neocolonialism, which exerted its negative influence in Panama previously, but the struggle against it was a secondary priority in comparison with anticolonial tasks.

As for the alignment of forces within the country, it should be kept in mind that the nationalist sector of the bourgeoisie, which played a definite part in the anticolonial struggle (its oligarchical sector always supported imperialism), will now begin to take positions of appeasement, while moving closer and closer to the forces of neocolonialism. After all, the revolutionary process in Panama is objectively developing in a direction which is contrary to the interests of the national bourgeoisie. And this circumstance--the desire to prevent the changes for which Panama is ready and to bind the country closer to the capitalist system--will push the bourgeoisie to take reactionary positions. And here it will receive the unconditional support of neocolonialism.

For tactical purposes it would be possible to slow up this kind of evolution of the bourgeoisie, but it is impossible to avoid it altogether because the revolutionary movement in Panama is still not prepared to give decisive fight to the united front of the forces of reaction. For this reason it is essential to attempt to call a halt to the consolidation of these forces even at the price of compromise.

On the other hand, representatives of other social strata, including the working class, the peasant poor and the petty bourgeoisie, will undoubtedly be radicalized under the influence of revolutionary political actions as the regrouping of the forces of reaction develops. Further, the degree of radicalization of their positions depends on the work of the most politically conscious revolutionary forces, in the front ranks of which our party can be found. Only in this way can the conditions and preconditions arise for the intensification of the class struggle.

We think that the Panamanian revolution cannot develop without the intensification of class antagonisms. As the social goals change objectively, the process by which the broad popular masses become

more politically conscious must become stronger. And here it is essential to take into account the fact that as old questions are resolved, it will be necessary to solve new problems which arise and, moreover, to solve them with even greater energy, concern and passion than in the period of struggle against colonialism.

Under the new conditions it is also essential to take into account an important political factor such as the strengthening of the people's power, which is an expression of the popular-democratic tendency in the development of the Panamanian state. This trend can be traced back to the 1972 Constitution, which was based on the principles of people's power. However, in practice, of course, the present government is running into many obstacles which arise, in particular, from the position of the most inconsistent representatives of the nationalist movement.

The people's participation in the management of the state represents one of the important positive features of the national liberation process in our country; however, both American imperialism and the local oligarchy would like to undermine the organs of people's power. A demand by the Carter administration, which was made after the signing of the canal treaties, represents a recent attempt made in this direction. The demand amounted to a desire to resurrect political institutions which existed in Panama during the rule of the oligarchy, i.e., before 1968. However, the attempt was unsuccessful due to the active support given the current government by the popular masses.

The development of activities by political parties is another feature characteristic of the new situation. On the one hand, this is beneficial to the forces of imperialism, which favor the revival of domination by the old political organizations. Last year, for example, a law was adopted which was in the interests of the bourgeoisie inasmuch as the law permits the bourgeoisie to create its own parties, although they cannot act without controls. On the other hand, the law also repealed all decrees aimed against the PPP. It is now formally in a legal position, although in order to participate in elections we must fulfill a number of requirements which have put us in a rather difficult position. Specifically, it is necessary to submit a list of the names of party members, and in a country like Panama, declaring to all and sundry that you are a communist means that you will encounter a multitude of various difficulties.

The decolonization of the Canal Zone is also taking place under these conditions. In accordance with the agreements concluded by Torrijos and Carter, the colonial status of the zone is formally and legally annulled. However, this does not at all mean that the problems of the struggle for independence are automatically removed. On the contrary, it will be intensified because the process of

decolonization, as specified in the agreements, is supposed to be completed by the year 2000. There is no doubt that by means of the so-called provisos included in the treaties by the American Senate, imperialism will attempt to slow down this process, and this cannot fail to lead to the strengthening of the painstaking, daily struggle on every specific issue. It will be increasingly difficult, but it will expand the work of the anti-imperialist movement. We call this beating the traps set by the forces of imperialism.

We think that in Panama the specific conditions have developed which enable us to accelerate the achievement of its social liberation; we arrive at this judgment by doing the following: by taking into account the complexity of the social structure of Panamanian society, by taking as our basic premise an appraisal of the nature of our epoch in which the determining factor of social development is a socialist perspective and not a capitalist one, and by taking into account the successful development of the struggle by the three revolutionary forces of the present time (the socialist community, the working class in the developed capitalist countries and the national-liberation movements).

By no means all aspects of the path are clear for us; we have only just begun to make a thorough analysis of the developmental features of this kind of model for our country. But that which we have already completed leads us to the conviction that in Panama it will be possible to have an alternative which is somewhat different from the classical outline for the development of society in terms of the well-known revolutionary stages.

To be more precise, an analysis of the situation which has developed in our country provides the basis on which it can be asserted that if social forces are given sufficiently concrete expression and if there is further democratization of the state, Panama will be in a position to embark upon a developmental course which, if it will not lead to socialism (the conditions for this have not yet matured for this), it will at least remove Panamanian society from capitalism.

We use the phrase "non-capitalist course of development," although we are aware that this designation is not yet a firm one. But we shall not break swords over this definition which we use to characterize the processes which are taking place in our country. But no matter what it is called, Panama has at the present moment a developing class struggle, which has as its purpose the wresting of control over the key points of the national economy from the forces of imperialism and the national bourgeoisie.

In analyzing Panama's economic position, we come up against the fact that in the modernization of production there arises not one but several various forms of property. In addition to private enterprises, which

constitute the private sector, a state sector is being established, as are production associations, which we call "cooperative" or "public" associations.

The coexistence of these three forms of property is the result not of a specific policy but rather of a pragmatic approach to the problems which are arising during the present stage of Panama's economic development. The state sector appeared in Panama as a factor which has accelerated the development of the national economy. An evaluation of this kind is made on the basis of a differentiated approach to Panama's economic structure, on the one hand, and to the structure of production, on the other.

For us this is not one and the same thing. We do not think that a fundamental reorganization of the existing economic system must be an immediate step (not because we do not aspire to this in principle, but rather because we are not in a position to do this at present). But the structure of production can be substantially changed even at the present time.

Within the framework of the international capitalist division of labor our country's role has been limited mostly to the sphere of trade and service. Changing this position means changing the structure of production and turning Panama into a producer of goods by reducing the significance of trade and services in the gross national product. A step of this kind seems to us truly revolutionary because it would mean a change in the structure of productive forces.

However, in Panama the real opportunities for carrying out this change in a revolutionary manner are limited, and the dependent position of the national bourgeoisie does not make it possible for that group to solve this problem independently. Nonetheless, during the anti-colonial struggle the weakness of the bourgeoisie provided the opportunity to activate the popular forces. Through the government they encourage the development of the state sector, the settlements, and the cooperative movements, in which the peasantry is involved.

The democratization of the state, the new factors related to the return of the Canal Zone to Panama, the significant development of the people's political consciousness, the increase in their participation in the process of solving the most important state problems, as well as the intensification of the struggle against imperialism--all these factors are an indicator of the new prospects and opportunities for the development of our struggle. We have not attempted to invent anything; we have only tried to make use of all the opportunities presented to us and to provide a theoretical base for them.

At present Panama's economic position is shaping up in the following manner: the Panamanian bourgeoisie has always showed less interest

in production and more interest in the service sphere, i.e., the production sector remained insignificant and poorly developed. For this reason the bourgeoisie, which is psychologically unprepared for the active implementation of modern forms of production, is prepared to reduce to nothing all the achievements of the working class won in the protracted struggle, while attempting only to increase their own profits. Under present Panamanian conditions this is hampering the development of the economy.

However, the bourgeoisie, although it retains sufficiently firm positions, is now no longer the absolute master of the economic situation. It has been forced to share its former power with other forces. For this reason it is a great achievement that we have already deprived the bourgeoisie of its absolute hegemony. In the last five years, for example, the share of private investments in the formation of the total capital investment fund has been reduced by one-half of what it was, while the role of state capital has increased two-fold.

The many economic problems facing our country include transformations in agriculture, which play an especially important role. They are important because of the large number of peasants who have very small holdings or own no land at all; if these peasants are crowded out of the agricultural sector, it will lead to an increase in the marginal strata.

A resettlement plan (worked out by the government in conjunction with the National Confederation of Peasant Settlements), is supposed to include 70,000 families of landless peasants; in accordance with plan, many "precaristi" are being brought together in settlements. The creation of these associations is essentially a policy aimed at tying the migrating rural population to fixed places.

The landowners of Panama have no tradition of owning allotments of land. And this is why the peasants themselves posed the question of collective property when an attempt was made to divide the land among them during the course of the first experiments in the implementation of land reforms. The government did not decide to proceed with this, reserving for itself the right to land; it limited itself to handing over tillage allotments to the peasants who have the right to use the land. However, at the present time there is discussion of whether to hand over land which would become the property of the settlements.

1. The precaristi are peasants who do not own land and do not settle on it because of their extremely backward methods of farming, which lead to land being exhausted within 4-5 years, forcing the farmers to move to another place. (Editor's comment)

The development of the settlements is running into significant economic difficulties because certain forces would like to ruin the plan which calls for the solution of the agrarian problem through the establishment of these associations; the attempt to bring down the plan is focussed mainly on depriving the asentamentos of material resources. However, socially this policy has shown its effectiveness. Even now the asentamentos are exerting an influence, which although not decisive is nonetheless noticeable, on the development of the nation's agriculture.

The settlements have been in existence for several years and they bring together up to 40,000 peasants, or about 10,000 peasant families. They have more than 300,000 hectares of land at their disposal. They provide a significant portion of agricultural output, including one-fourth of the nation's rice production. Thus, the policy of solving the agrarian problem by the organization of settlements is now no longer an isolated experiment; it is rather a clearly expressed government policy on this issue--in 1979 the process of the establishment of the settlements was further extended.

I would like to clarify one point: according to the treaty signed by Torrijos and Carter, everything located in the Canal Zone must be returned to Panama. However, in practice the handing over of this property will take place gradually. The canal itself will be the last thing turned over Panama. As this process develops, a joint administration will be created to run the canal; it will be called the Panama Canal Commission. It will include representatives of the USA and Panama; the composition of the commission will be changed gradually to favor Panama. This will provide our government with the right to direct participation in the management of the canal.

The canal is an enterprise which should gradually increase the volume of traffic which it handles, and this imposes a great responsibility on the government of Panama--the responsibility to maintain the canal in a state which will enable it to fulfill effectively its main job. Thus we can understand the attention that is being given to the management of the canal.

What does this mean from the viewpoint of Panama's interests? Until now the canal has been an absolute monopoly of the United States, which used it not only to transport civilian cargo, but also used it for military purposes. The first thing which needs to be emphasized is that with the transfer to Panama of the property of the Canal Zone this supremacy will be undermined.

A second important factor is to be seen in the greater strength of the anti-imperialist struggle which is taking place in Panama. Participation by Panama in the management of the canal will undoubtedly lead to an increase in this struggle as a result of the emergence of new conflicts in the actual administration of the canal.

A third factor is that the transfer of the property to Panama will lead to the more productive utilization of that property for purposes of national development; all the property which is included in the zone complex will be used for a variety of interests, while previously only the USA benefited from it.

As for Panama's position on the issue of Latin American integration, it is essential to note that this process is not a simple one; there are many conflicts inherent in it. Very diverse interests are interwoven here. There are quite a few interpretations of the ideas not only of "Latin American integration," but even of the idea of "Central American integration." In some cases the integration processes are encouraged by the bourgeoisie and neocolonialism. There is not yet any clarity on this issue, nor is there any in the position of the revolutionary forces of Latin America--significant divergence in viewpoints can be observed here.

As is well known, Panama was part of Colombia for a long time; for this reason its development was associated with Latin America. But geographically it is part of Central America. As a result of this, a national ideology has developed in Panama on the basis of this specific tie, which is determined by its intermediate geographical position.

For this reason the problem of economic integration within the framework of the Central American community involves a complex interweaving of various approaches. For the Panamanian bourgeoisie this step cannot be acceptable because the latter sees in the bourgeoisie of neighboring states a competitor in the Canal Zone, correctly assuming that it will lose this market as a result of its backward production in comparison with other countries of this subregion. In addition, the level of wages is higher in Panama, and this increases production costs in comparison with other nations. These aspects give rise to the basic factors in the negative attitude taken by the Panamanian bourgeoisie toward the process of Central American integration, and they predetermine the bourgeoisie's preference for development of bilateral economic links.

When the anticolonial movement headed by General Torrijos began, it was aimed at the liberation of the Canal Zone; at that time the political situation forced the government to look for support from international progressive forces; however, this did not mean ideological compromise. For this reason the state sought support from the nonaligned movement; this was a pragmatic position rather than a position taken on the basis of principle. With time the development of these ties led to the kind of evolution which has pushed Panama into the ranks of the progressive states of Latin America.

Panama's government favors broader participation of the Latin American states in the nonaligned movement, while emphasizing the movement's anti-imperialist goals. The links of the democratic forces which are in power in Panama with the progressive international movement have grown from year to year because this has been dictated by essential and concrete needs.

The policy of the current government in regard to the situation which has developed in Central America is being worked out on the basis of the ideas of internationalism and at the same time it has as its goal the use of any opportunity to force imperialism to weaken its pressure on Panama. This was demonstrated with particular force during the revolution in Nicaragua, when Panama extended a great deal of assistance to the anti-Somosa opposition, including the Sandino Front for National Liberation.

Thus the pragmatic course of the Panamanian government is leading to closer relations with international movements of a democratic and revolutionary nature.

COPYRIGHT: Izdatel'stvo "Nauka", "Latinskaya Amerika", 1979

8543

CSO: 1800

COMMUNIST LEADER COMMENTS ON 1980 ELECTIONS

PA150052 Lima EL COMERCIO in Spanish 5 Jan 80 p 4 PA

[Text] After having encouraged a boycott of the constituent assembly elections, the Red Fatherland Communist Party, whose leader is Rolando Brena Pantoja, is preparing to participate in the elections as a member of the National Union of the Revolutionary Left [UNIP] along with the proletarian revolutionary vanguard under the leadership of Eduardo Figari, the Revolutionary Leftist Movement [MIR-PERU] headed by Gonzalo Fernandez Gasco and the FLN headed by Angel Castro Lavarello. Brena, a Marxist-Leninist since he was 17 (he is now 35) is a lawyer and economist. He has been in prison on 10 occasions and has been deported four times. In this interview, the "ultra" leader covers issues related to the 1980 elections, his party's responsibility in the failure of the teachers' strike called by the single union of education workers [SUTEP] and announces he will run for a seat in the Senate. These are his statements:

Question: What political and economic changes have taken place that have made your party veer from boycott to participation?

RB [Roland Brena]: We consider that in the past 2 years, there has been a process of political and social change, perhaps the most outstanding of the last few decades. And the most important sign of this change is that a large sector of workers is seeking new political options in the face of the discredit of rightist political leaders and 11 years of military government. The elections are taking place just as the masses are seeking new alternatives. The absence of the left at this moment would be suicidal, self-destructive. The left is obliged to confront the right with a coherent alternative in this electoral process. These characteristics did not exist yet last year. Furthermore, the electoral process was only for the purpose of drawing up a constitution. It was not a way to choose a government.

Question: Can you summarize the alternative you offer in contrast to the parties that qualify as leftist?

RB: As a party, we will not be offering our own government platform in these elections. We will try to have all the political forces of the left jointly present a unitarian program and a unitarian formula.

Question: What will your party's contributions to this program or unitarian platform be?

RB: We believe it should include several points without which it is impossible to talk of platforms: satisfaction of the immediate needs of the masses, such as health, housing, employment, democratic freedoms (freedom of press, assembly, labor, right to strike); state control and nationalization of the enterprises controlled by the transnationals; true agrarian reform process; total opposition to all forms of foreign interference, from wherever it may come.

Question: What type of government would be charged with developing this program?

RB: We outline a type of government which is democratic and anti-imperialist.

Question: Points such as those just outlined for the leftist platform were termed by yourselves sometime ago as "simple patches" that only contributed to lessening the struggle of classes. Have you changed your opinion?

RB: We do not have the illusion that with the electoral triumph a revolutionary change will take place. We believe those proposals to be a step toward the revolutionary process. We are not propounding at this time a revolutionary program that will be the forced antechamber of socialism. This will not be achieved through elections. To outline a revolutionary government at the present crossroads would be utopic.

[PA150054] Question: What assurances do you have of advancing toward a revolution?

RB: Our assurances cannot be based on a triumph at the polls, but in the organization of the working masses and the work done within them by the leftist parties.

Question: Your articles have revealed an excessive fear of a coupist solution. Do you fear a coup could frustrate your access to power or is it that you prefer a civilian government to a military?

RB: As a rule there is more freedom for action within a civilian government, than in a military one. But this is not the case. We are not choosing the man to govern us. What we believe is that with the increase of the people's struggle and the advance of the revolutionary forces toward their union, the military sectors could seek a coupist solution if there is no rightist organization to confront the left.

Question: A year-and-a-half ago you called the Trotskiyites and Muscovites "distorters of the revolutionary struggle." However, now you are calling them to form a single front. How do you explain this?

RB: I do not recall having used these terms. But it is evident that there are contradictions among the left. What happens is that we agree tactically on the need to participate in the elections, draft a joint program and present a single ticket. The leftist participation in united terms does not mean that we have solved all our differences.

Question: Do you believe that the differences existing between the Peruvian Communist Party [PCP], the Socialist Revolutionary Party [PSR] and the Popular Student, Peasant and Workers Front [FOCEP], on one hand, and the Popular Democratic Union [UCP], [UNIR] and the Anti-imperialist Revolutionary Forces for Socialism [FRAS] on the other, can be solved in the future?

RB: We believe that we must make an effort to present a united front during the 1980 elections.

Question: What obstacles have you found in your efforts to unite?

RB: The determination of some sectors in recognizing the Velasquist process, the existence of domination tendencies among some sectors, certain old fashioned leadership beliefs, and certain sectarianism. All these obstacles are being overcome.

Question: Will the UNIR present a presidential candidate for the united left?

RB: The UNIR as well as the UDF and the FRAS support Barrantes Lingán's candidacy.

Question: Why have you not registered your party in the National Electoral Court [JNE] as part of the UNIR front?

RB: Because we believe it would be trusting too much on bourgeois freedoms. Also our fundamental purpose is to contribute to the unity of the leftist sectors and we can do this only by creating the UNIR which includes several of them. I believe we have advanced considerably. Now there are two or three blocs. Some 20 years ago there were over 20 organizations.

Question: What possibilities do you give the left in the coming elections?

RB: The Peruvian left does not merely exist on the sidelines, we believe that we will have 36 percent of the votes in 1980.

Question: It seems that you strive to present a successful image at the expense of the teachers. Or at any rate, why is it that you boast everywhere that you control the SUTEP?

RB: To deny this would be to deceive the masses. Just as the communist party has in the General Confederation of Workers of Peru and is responsible for its actions, we are also responsible for the SUTEP's actions.

Question: According to what you have just said, Patria Roja is responsible for the failure of the teachers strike, agreed?

RB: If there has been a failure, we are responsible. If there is a triumph we are also behind it. This does not mean that we are the only ones with influence in the SUTEP.

PERU

PDC LEADER CRITICIZES PARTY FACTION AT PARTY CONGRESS

PA120216 Lima EL COMERCIO in Spanish 5 Jan 80 p 4 PA

[Excerpt] The special national congress of the Christian Democratic Party (PDC) was opened last night with the participation of almost all rank and file delegations and prominent leaders and representatives of various political organizations.

PDC Vice President Dr Guillermo Carrillo Marchand, who is in charge of the presidency, condemned another faction of the party, charging that "it is being controlled by the invisible strings of imperialism."

He stressed that in its 15th ordinary congress, the PDC established a clearly leftist position which was approved by subsequent ideological congresses. He added that despite this, "the other group headed by former President Marco Perez Gonzalez, violating agreements and following a well-organized strategy has tried to lead the party through channels which are not right for the party or its doctrine."

According to Carrillo Marchand, that strategy seeks to lead the PDC to an agreement with the rightist parties in support of imperialism. He stressed that a similar strategy has been applied in countries such as Chile and Argentina. He said this is the reason why Hector Cornejo Chavez, a well-known political leader, has been attacked.

Carrillo Marchand asked all members of the PDC to retake the leadership of the party and to lead it in the paths that it should never have left in order to contribute to the establishment of a great leftist front to oppose the insolent and vengeful rightwing which speaks of supporting imperialism and of a new capitalism that promotes and defends the so-called social market economy indefinitely postpones the solution of Peru's problems.

CSO: 3010

PERU

DYNAMICS WITHIN LEFTIST MOVEMENT ANALYZED

Lima EQUIS X in Spanish 19-25 Dec 79 pp 7, 10

/Article by Andres Rosales: "Ledesma-Barrantes Ticket Underway"/

/Text/ The left is apparently in a very fluid state of affairs in which the FOCEP /Student-Peasant-Worker Popular Front/, the PCP /Peruvian Communist Party/ and the PSR /Socialist Revolutionary Party/, on the one hand, and the UDP /Popular Democratic Union/, the UNIR and the FRAS /Anti-Imperialist Revolutionary Forces for Socialism/, on the other, do not appear as strong as they were thought to be a short time ago. This by no means signifies that these blocs have broken down, rather they are undergoing internal reorganization because of the pressure for unity and the appearance of splinter groups which in some cases are the result of minor electoral expectations.

The pressures for unity are coming both from within and outside the leftist movement. The internal pressure is coming from the rank and file of the parties and the voters who are demanding unity from their respective leaders. On the outside there is pressure from the rightwing parties which are engaged in a concerted electoral campaign and the government which is probably favorably inclined towards the right particularly with respect to the mass communications media. These factors objectively show how important it is for the left to wage a united battle without major divisions.

"Blanco Supporters"--Among those which we called splinter groups we would like to mention specifically Diez Conesco's VR /Revolutionary Vanguard/ and the united MIR /Movement of the Revolutionary Left/ under the leadership of Carlos Malpica. As we saw in the PULSO article and as we can see on a weekly basis in the newspaper AMAUTA, both leaders clearly back Hugo Blanco as the candidate of the left and ignore the UDP's official candidate, Alfonso Barrantes. Malpica's argument, which is that a decision should be made after the first few days of the campaign when it can be determined who has more voter support, Blanco or Barrantes, is nothing more than base subterfuge because everyone already knows that Blanco has greater popular support.

However, Malpica's and Diez Canseco's opposition to Barrantes is nothing new. Everyone knows that sometime ago they asked that the UDP censure Barrantes. It was only after discussing the issue for 3 hours that they changed their mind. Now they are resorting to other means to "get rid of" Barrantes.

Barrantes--Malpica's and Diez Canseco's recent actions, on the other hand, have given Barrantes greater room to work for unity. Barrantes, for all practical purposes has broken relations with Malpica and Diez Canseco with no negative reaction to this step, is now in a better position to talk with the other blocs and with the leftist movement as a whole. Witness the meetings of the entire membership of all the groups on Monday the 10th and Friday the 14th. The meetings were presided over by Alfonso Barrantes. The meetings also served to put the "pro-Blanco" efforts of Malpica and Diez Canseco in a bad light.

At the meeting on the 10th an agreement in principle was reached to form a Political Committee of the Left composed of UDP, FOCEP, UNIR and FRAS representatives and, naturally, Ledesma, Barrantes and Blanco in their capacity as presidential candidates. If we take a look at the composition of the political committee we can see that the majority supports Ledesma and Barrantes so that a final agreement between these two leaders is possible within the spirit of unity which led Barrantes to propose the Ledesma-Barrantes ticket at the first meeting between the two leaders held a few weeks ago at the request of the UDP president.

It is true that the FOCEP only had one representative at the meeting on the 10th and that was Luis Caracciolo. It is equally true that it has not yet agreed to join the Political Committee. However, the FOCEP and Ledesma are expected to officially join the committee in the future because of the success of the appeal for unity that was made at the meeting. Under these circumstances, the PCP and the PSR are expected to join this faction.

Differences--In any case Ledesma has said publicly that even if the FOCEP-PCP-PSR bloc holds together he has not signed any document committing himself to remain alongside the PCP and the PSR. We must not forget, on the other hand, so that we can keep in mind all future options, that Alfonso Barrantes himself signed the first agreement which led to the formation of the FOCEP-PCP-PSR bloc.

With respect to relations between the FOCEP and the PCP and PSR (which are strong allies), it is known that aside from the formal acceptance of Ledesma's candidacy differences on two major points emerged: (1) while the FOCEP still is working for the unity of all the left, the PCP and PSR are reluctant to accept Maoist and Trotskyite groups and (2) while the FOCEP believes, and rightfully so, that it should have the highest number of candidates on the slate, the PCP and PSR are attempting to have the positions on the slate divided equally among the parties even though the FOCEP's electoral strength is greater than that of the PCP or the PSR.

Ledesma--Developments appear to be leading to the exclusion of Blanco--especially on his own initiative because the PRT leader is in no way prepared to fill either the second or third slot on the presidential ticket--and to growing support for the Ledesma Barrantes ticket with the backing of the FOCEP, UDP, FRAS and the UNIR. Under these circumstances Malpica and Diez Canseco would have to either discipline themselves or support Blanco. Let us hope that the PCP and the PSR will not split from the left.

Barrantes, in an effort to demonstrate his support for the Ledesma-Barrantes ticket, thought it would be a good idea to appear at the CCP /Peasant Confederation of Peru/ press conference on the 10th in the company of the FOCEP president. As a result, in a gesture of courtesy which speaks loudly for his dream of unity, he visited Genaro Ledesma in his office to suggest that they attend the press conference together.

8599

CSO: 3010

PERU

APRA VICE PRESIDENTIAL CANDIDATE INTERVIEWED

Lima OIGA in Spanish 17-24 Dec 79 pp 6-8

[Interview with Andres Townsend Ezcurra, APRA vice presidential candidate by Alfonso Reyes and Hernan Zagarri, date and place not given]

[Text] "Under no circumstances will the APRA accept military tutelage," Andres Townsend Ezcurra, the number two man on APRA's presidential ticket, told OIGA when he was questioned about the possibility that the military might remain as the power behind the throne after the 1980 elections. However, he was not so precise when asked about his differences with Villanueva, indicating that they still exist because of the recent internal party elections even though the disciplinary action against his supporters has been stopped. Townsend insists that "there is no turning back to APRA's roots," that Haya de la Torre's ideological legacy "is indivisible and cannot be fragmented" and that there is nothing to discuss with the responsible left "because the APRA is the responsible left." But citing an old adage, he said: "The load will be shifted along the way," indicating that he is very pleased to be on the presidential ticket because he is responding to a "definite and overwhelming mandate from the party's rank and file." He added that only another convention can change the presidential ticket. "It would be very difficult to kick me off the ticket," he added. The interview follows.

[Question] Armando Villanueva said again that the APRA [American Revolutionary Popular Alliance] is prepared to meet with all the parties without exception to establish the election rules. Will efforts also be made to find through this dialog a broad based national government?

[Answer] The decision to hold a dialog is a long-standing one in the party. APRA favors broad dialog with all the parties that accept and practice representative democracy. Now you are asking me to make a prediction. You are asking me if this agreement, which would basically cover specific points such as conducting an electoral campaign free of abusive language and violence and respect for the final outcome of the elections, could become a major agreement. One that would lay the foundation for a multi-party government. It seems to me that this would border on speculation.

Now I personally feel that it is desirable to have a government that is supported by more than one party but it must be defined in light of the events that will take place between 18 and 28 July 1980.

/Question/ Why do you think that the PPC /Popular Christian Party/ has stated that the APRA is hampering the development of these agreements?

/Answer/ My former colleague on the constituent committee, Mr Muffarech, reacted sharply to a remark made by Villanueva in Cusco about having a dialog with the "responsible left" before considering one with the right. First, Armando's statements have not singled out any particular party and, second, it is not the right time and in fact it is contradictory to have such aggressive statements made (like those by Mr Muffarech) at a time when we are starting to talk about toning down our campaign language.

/Question/ You at one time said /the party/ "should have nothing to do with the communist traitors" and Armando is calling for a "dialog with all parties without exception." How do you reconcile these two positions?

/Answer/ I believe that the remark that you are quoting was made during a public argument over doctrinal limits. We have emerged on the Peruvian and Latin American political scene as having differences with parties that are directed from abroad. In any case this does not mean that if political elements exist in Peru that have popular support and are willing to accept the rules of the democratic game, in other words not practice or promote the dictatorship of the proletariat, that a dialog with them is not possible.

/Question/ Do you feel satisfied about being on the APRA presidential ticket?

/Answer/ I am satisfied because I am responding to a definite and overwhelming mandate from the party rank and file. You will remember that when Armando was elected I congratulated him, recognized his victory and made a speech calling for unity. Prior to this I said that I would not run for any office. But the convention delegates, in a gesture which really overwhelms me, refused to accept my position and expressed their desire to have me on the ticket anyway. Therefore, I am on the ticket in response to a mandate by the rank and file.

/Question/ We have asked you this question because of speculation over internal differences. There have even been reports that you will be expelled from the party. Is there any truth to any of this?

/Answer/ Let me answer that in two parts. With respect to my alleged expulsion, that was only a newspaper headline written to sell papers. The announcement is not true. My expulsion would be a very complicated matter because in addition to being a party member I have been elected by a convention and Armando made it very clear in Trujillo at the start of

the campaign that only another convention could change or alter the ticket. Therefore, it is not easy to expell me from the APRA. With respect to my relationship with Armando, when I agreed to be the vice presidential candidate I spoke with him about certain measures which needed to be taken to assure greater party efficiency, internal unity and its ability to act. These agreements were announced in a communique. Basically, the document expressed a single philosophy in the phrase "there are no winners or losers." That is what I am trying to have enforced. I was recently told that the National Secretariat for Discipline has no more cases pending with respect to these internal incidents so that I can tell you quite emphatically that, based on a statement made by the Secretariat, there are no pending internal party cases and no APRA member can be brought before the party's internal court.

[Question] And these actions have dissipated all points of friction between you and Villanueva?

[Answer] We are human and we cannot see everything exactly the same. We can disagree and we do disagree on possible judgments in degree and intensity. But basically we follow the same party line.

[Question] Who do you think is responsible for the signs reading "Villanueva-Chile"? Some time ago Javier Valleriestra in defending Villanueva's wife spoke of "resentful colleagues." Who are they?

[Answer] I, of course, do not know who is responsible for those signs. Of course, I think that Valleriestra has some expertise on matters of "resentment." He knows why he is saying that.

[Question] Does the fact that internal disciplinary action has been stopped bring to an end all these differences or does it leave intact the ideological differences which reportedly exist between you and Villanueva?

[Answer] A party's process is a dynamic one. One matter is not resolved and all problems solved forever. The loads are shifted along the way, as an old Peruvian saying goes. I have my views about what can and should be done in the party and I express them and will continue to do so in the proper forums. I do this to guarantee internal unity and maximum opportunities for victory. I believe that we should adapt many of the party's committees to the demands of the campaign. We must overcome the shock of the internal pre-election struggle and avoid feelings of reprisal or vendettas. All of this must inevitably be overcome. I will always continue to work for this. I believe that the party must do away with all causes of internal friction. With respect to the ideological question, our party's ideology is well-defined. It can be accepted or rejected but no one is unaware of what its basic principles are. And I have emphasized some aspects of this. For example, the integrity of Haya de la Torres' legacy. I believe that this legacy is indivisible and cannot be fragmented because it is an excellent source of internal cohesion.

that fragment of Haya's legacy, as an anti-imperialist, multi-class democratic doctrine free from European Marxist tutelage or any kind of tutelage, I believe is basic to us.

/Question/ And how does this differ from Villanueva's position?

/Answer/ I don't believe that Armando has said whether he disagrees with this position.

/Question/ Isn't he calling for a return to the party's roots?

/Answer/ If we feel that we have never deviated from the party's roots, then I don't believe that there is a return process. Our roots are roots. They grow, spread and develop but the total system is what we are interested in. In addition, Haya was categorical in the document that was released a few months ago in which he insists that it is inappropriate to speak about returning to the party's roots. I don't believe that Villanueva has come out in support of a return to the party's past. It would be necessary to check the record. I believe that he has not.

/Question/ What we are talking about is that when Villanueva speaks of a "return to the party's roots" he is clearing the way for a dialog with what he calls the "responsible left." Isn't that so?

/Answer/ Could it be that when you speak of "returning to the party's roots" you are talking about returning to a leftist position? Historically, just the opposite is true. APRA exists because it broke away from orthodox, traditional Marxism. It is the 1927 Brussels Congress. It is a break with Mariategui in 1928-29 and it is the organization of the APRA in 1930. So that all of our shifts--including a return to our party's roots--would be a return to APRA's strongest anticommunist positions.

/Question/ Are you saying that APRA started as an anticommunist party?

/Answer/ Seone once said that we are neither communists or anticommunists. We are not communists. But the struggle was marked by a deep philosophical division, a split over methods and political organization. APRA has Marxist origins but it is not a Marxist party.

/Question/ Then APRA members do not agree because while Ramos Alva says that APRA is a Marxist party, Chirinos Soto says no...

/Answer/ I am closer to Ramos Alva's position than to Chirinos Soto's.

/Question/ But some, like Dr Ferreyros, believe that not only is APRA non-Marxist it doesn't want to have anything to do with Marxists.

/Answer/ Well, I don't believe that Ferreyros has been so categorical. Probably what Carlos Enrique is saying is that under certain circumstances

such as the present, an alliance with the so-called Marxist parties is undesirable. That is a position that one can agree with. But I find that those parties do not want anything to do with the APRA. So that to form an alliance two groups are needed and if one does not want an alliance I don't see how we can think in those terms. Aside from what I might think about the inappropriateness of that agreement...

[Question] What is your position, Dr Townsend?

[Answer] I would like to talk about my position because saying that I represent a rightist viewpoint is a biased and cheap distortion of the facts...

[Question] Or at least a conservative position...

[Answer] To conserve what? Other than the preservation of the party to ward off any possible corruption of its original doctrine and its disintegration because of a lack of an ideology. That is the only thing I am concerned about preserving. I believe I have explained many times that to be a conservative in an underdeveloped country is an unnatural phenomenon. A conservative perhaps can be explained in a developed and rich society. But in a poor developing nation that has been punished by misery, left out of the mainstream and exploited like our country, the idea of being a conservative is inconceivable. It is a case of egoism or limited intellectual ability. Therefore, I don't believe that the party would have a place in the Peruvian or Latin American political scene if it were conservative. Conservative ideas are for other groups. We do not represent conservative interests. What economic groups do you find among our rank and file? Where are foreign company attorneys, imperialist interests, the business men? They belong to other groups and support other groups and parties. We are basically what we are because of our definition: a people's party. And I personally reject the conservative or rightist label which is being pinned on me. I am not a rightist either because of my background or wealth.

[Question] But multiclass parties like APRA allow people from all sectors to join: businessmen, blue-collar workers, professionals and perhaps attorneys from transnational companies...

[Answer] Multiclass or polyclass parties do exist. Ours from the beginning has called itself a single front of exploited classes. We are a party of manual laborers and intellectuals, blue collar workers, peasants and the middle class. But let me add that in a country structured like ours, a party of the people such as ours, even if it is composed of a social and popular majority, cannot at some point disdain the membership of a progressive businessman or a forward-looking industrialist. This country needs development and it is best that we Peruvians do it ourselves rather than having the transnational companies or foreign interests do it for us. Our government is not manipulated from abroad or by any economic power blocs. Our primary concern is the interests of the popular class :

which are a part of our party and we represent. If this were not so, they would have abandoned us a long time ago. It would have been foolish for the people to support a party for 40 years if that party represented the financial oligarchy.

[Question] But, one way or another, within APRA exploited and exploiters have coexisted although no one knows how. This would explain the success...

[Answer] Let's return to the party's origins. APRA's basic policy is that because there is a need to create a new society, an anti-imperialist state, a national coalition is needed in which the working and the middle class can participate, should participate. I would call these groups the exploited rather than the exploiters. Whether we can count on or favor the support of our nascent bourgeoisie--and I use this term of European origin with great reservation--is a tactical problem. But the party as such is not a party of that class or by that class. It is a party of the people and for the people. I believe that a somewhat distorted and prejudicial story is being told. You will not be able to name one big businessman, one representative of foreign or national interests who has had anything to do with APRA.

[Question] Well, at least they have been friends of the party at certain times or they have maintained certain ties which we have not seen, for example, with leftist parties...

[Answer] There have been on certain occasions in the past political groups, which unquestionably are composed of economic interests, that have agreed with us on certain matters that were vital to the nation, to them, to us and to the other Peruvians. For example, to insure the operation of democratic institutions and congress in the 1963-1968 period.

[Question] Remember that at that time, when the Agrarian Reform Law was approved, it was said that APRA did not want to hurt the interests of the "sugar barons" and that is why the law excluded the agroindustrial complexes.

[Answer] A legend is being created about the Agrarian Reform Law proposed by the government at that time. The law did not call for expropriation. Instead it subdivided the agroindustrial complexes. An effort was made to maintain production levels. That is what we tried to do. But remember also that the law contained, on my party's initiative, Article 41 which stated that any property that was exempt to maintain production could be changed into a cooperative. So that cooperatives, as alternatives to the large plantations, were recommended as long as a majority of the workers and technicians favored it and not by decree as was done later.

[Question] Why does the left continue to criticize APRA but not the right? Has the right disappeared? Did the military government eliminate it? What happened?

/Answer/ We began the interview by discussing attacks on APRA by a party that I don't believe you would call leftist.

/Question/ It must be a new rightwing group that...

/Answer/ Ah, but then you are saying that we are still the targets of rightwing attacks...

/Question/ But it is a rightist group that is urging you to join with it, which considers you to be members...

/Answer/ I believe that modern day experiences are freeing us from sectarian and dogmatic biases. In a country where the main requirement is strengthening a democracy that will allow everyone to live and let live, we can all agree regardless of what our doctrine might be. And the parties of the extreme left are also in this position. That is of accepting these political bases of democracy as essential to their strength and popular support. But you have also asked me whether the right has disappeared thanks to the efforts of the military government. I believe that the influence of the traditional right has diminished. The famous "sugar barons" almost have no political clout and their economic interests have been shifted to other areas of influence and power. Today there are other barons. There are barons of the banking plutocracy, of credit and other groups which are known to everyone. It is the new right. A more modern and, as a result, much more dangerous one which acts with greater intelligence with respect to us...

/Question/ Would you say that the PPC represents the new right?

/Answer/ I do not want to be like Mr Muffarech, attacking one party after another because I do not want to disturb the atmosphere of goodwill that should precede a national convention to improve our political customs. But I believe that all economic interests seek political outlets.

/Question/ Can discussions be held and agreements reached with that right?

/Answer/ What on and what for? To provide it with privileges? No! So that it can join us or the Communist Party, the UDP or the FOCEP in respecting the popular will? Yes.

/Question/ Why has APRA never signed agreements with the left?

/Answer/ I would like to correct the derogatory use of the word left to describe the Marxist parties. We have said many times that we are the left and we will not be convinced otherwise by the tenacity of others who call themselves leftists. .

/Question/ But the Marxist left does exist and APRA has never signed any agreements with it.

/Answer/ That's true. There have been no ties. And when efforts were made during the Constituent Assembly on specific points, they failed because that left destroyed all possibilities of an agreement at least on the elections.

/Question/ Would you consider that leftist sector to be responsible?

/Answer/ (Laughter) There aren't different shades of responsibility. The left or the right can be irresponsible. Haya said something in 1932 which is still quite valid today. He said that being miserly is not an inherent characteristic of the right and holiness an inherent characteristic of the left. It is important for the left to remember, because of its lofty, superior and unselfish goal, to maintain a moral and political policy in keeping with those principles.

/Question/ And how would you describe that "responsible left" that Villanueva is always referring to?

/Answer/ That is where there could be a difference of opinion. I will not describe the responsible left because I have not met it. I said on television that I thought that APRA was the responsible left.

/Question/ If APRA is the responsible left then Villanueva would in the end be talking and allying himself with his own party...

/Answer/ No, he might have an idea. He was asked once who the responsible left was and he said that it was the Communist Party, the Christian Democratic Party and the PSR. I have my doubts about that.

/Question/ What are those doubts? Could you explain them?

/Answer/ I would like to make an observation. There is a simplistic mechanism by which criticism of communism in any of its forms or doctrines is equated with McCarthyism and reactionary positions. That is simplistic reasoning for useless fools. When Red China and the USSR criticize each other are they engaging in McCarthyist tactics? I believe that when we criticize the Communist Party or any of the communist leaders we are neither reactionaries or McCarthyites. There is no reason why any form of communism should be made sacred. I believe that the Communist Party of Peru, which is showing signs of wanting to become a part of the Peruvian scene, must assume serious historical responsibilities for slowing down the nation's progressive development.

/Question/ Nevertheless, the APRA has always been viewed as a visceral anticommunist party...

/Answer/ That term visceral was applied to me by MARKA. It said that I was a visceral anticommunist. I maintain that my opposition to communism comes from an intellectual and rational decision. I think with my head not with my intestines. Now then, the term McCarthyism is being used in

Peru and in the world to mean a critical and negative position towards the Communist Party and communism in general. But the truth is that McCarthyism in Peru expressed as intolerance towards a political ideology has been anti-APRA.

[Question] Well that was at a time when APRA was confused with communism..

[Answer] Yes, we have been confused with communism and with fascism as well.

[Question] Much has been said about the possibility that the armed forces will remain as the power behind the throne. What are your thoughts on this?

[Answer] Then there would be no transfer of power. It would be mere symbolism. A president that was recognized and a power behind the throne. No, that would not be a transfer of power. I believe that the country is resolutely in favor of real changes, of a real transfer of power. What is more, I prefer to use the word "return" of sovereignty to the people rather than transfer which sounds like a commercial game. I believe that the military is aware of its weakness and that it has to turn over power not just a semblance of it. There is no way that APRA would accept military tutelage. If we have fought all of our lives for a democratic regime, this would be a mockery, a semblance of democracy without real substance. If the military insists on being the guardians of a democratic regime, they will be in violation of that government's laws.

[Question] When the APRA gets into power, will it investigate the illegally acquired wealth of the past 12 years?

[Answer] It would be up to congress to initiate that type of action. That is the procedure. We will not cover up or be accomplices in any unique situation.

8599

CSO: 3010

RICARDO LETTS DISCUSSES SALIENT ELECTORAL ISSUES

Lima EQUIS X in Spanish 19-25 Dec 79 pp 8, 9

[Interview with Ricardo Letts, founder of Revolutionary Vanguard, by Fernando Vasquez; date and place not given]

[Text] [Question] You said that the election of Armando Villanueva as the Aprista presidential candidate was "the best thing that could have happened, under the circumstances." Do you still think so?

[Answer] Without a doubt. Because Villanueva's thinking was the most radical, the one with the greatest possibility of pointing out the political, class and concrete characteristics of this party and also because the other candidates-- Sanchez, Townsend or Priale--did not have the same possibilities for entering into a productive discussion with the APRA [American Revolutionary Popular Alliance] from adversary positions such as ours on the left.

[Question] Why have certain sectors of the left showed concern about his statements with respect to APRA?

[Answer] There are two reasons: first, there are very large sectors of the left which are led by very negative elements, in some cases degenerate, in others distorted, which have serious problems managing their political relationships in the left and who have simply twisted my statements to suit their own whims. The other is that the left has not been able, in general, to manage properly the problem of the APRA. We have a party thesis, a thesis of the Revolutionary Vanguard Party, in regard to the APRA, which we see as correct in practice: that is the thesis which led us to make these statements.

[Question] This conduct on the part of the leftists, which you are now criticizing--did it used to be your conduct in the past?

[Answer] No, not toward the APRA. I don't think so. Maybe, to a certain extent. But we have never been confused with regard to the APRA. We studied the Aprista problem, we know of their antiimperialist-bourgeois formulas in their first phase, and we have always been interested in showing that there

was a deep contradiction between theory and practice, between the leadership and the rank and file, between what was being said and what was being done.

[Question] When you referred to the present alliance of the left with the APRA you said: "If APRA demonstrates that it is breaking with its past, changing its reactionary conduct, purging its membership and beginning to fight on the side of the people, we will not hesitate to encourage it and finally to make a political alliance with it."

Do you still hold to those statements?

[Answer] Without a doubt. You, who have carefully read our position in regard to APRA, will recall that further on we explained that that process within the APRA would lead to polarization, to a kind of rupture where, from within the APRA and through the development of contradictions, forces would appear which would break with the past, with the right, with the forces of reaction and cross over to the side of the people, and that we would welcome the formation of a political alliance with them. We are not afraid of that. We are not afraid of having to change a thing.

[Question] Do you mean that you are perfectly aware that a political alliance with APRA is possible?

[Answer] APRA today, the APRA headed by Villanueva--if Villanueva does what he says he will--will go through a period of tension, a polarization, a division, a split, and then forces will come forth, a little like what happened with the Velasco process, with which it is possible to formulate--among the people and for popular purposes--a political alliance.

[Question] However, while you maintained that the "historic pact" between APRA and the left was "difficult," Genaro Ledesma, the candidate of his front, said it was "impossible." How do you understand this?

[Answer] When we ask, in ZURDA: "Historic APRA-Leftist Pact?" with a question mark, and we answer, with an exclamation point, "Difficult!", and we then examine the subject as the magazine develops it, anybody--except completely confused political minds--can see that the "difficult" was a journalistic call for study of the question.

[Question] When you refer to "completely confused political minds," perhaps you are alluding to Carlos Malpica, who has just said that what you are supporting can only result in confusion?

[Answer] Very well, Carlos Malpica's case is more serious than just "confused." I don't believe Malpica is in any way confused; he knows perfectly well how things are; what he is doing is indulging in serious political opportunism, by a lack of modesty which admits of no limits, by an eagerness to hold a position, an office, which is leading him to drive divisive wedges and to behave largely in a negative manner. Any moment now, more sane sectors within the UDP [Popular Democratic Union] are going to catch on to this and will, surely, change their leadership.

[Question] Malpica says that you are not an agent of APRA, but rather that you are confused when you propose these things, because you are a "simple and naive" man. What do you have to say about that?

[Answer] Malpica knows that neither of those things is true. We have just seen him in PULSO, and the truth is that we believe the UDP made a serious mistake in letting him head their Electoral Committee. Malpica is endangering terribly the candidacy of Barrantes and the unity of the left.

[Question] You are a Maoist, are you not?

[Answer] I don't know what you mean by that question. I suppose, in a certain sense, I am. That is, I have been guided and have formed the party, I am guided and continue to form the party according to the teachings of the Chinese Revolution, which Mao summarized in his theoretical writings. In this sense, yes, I am a Maoist.

[Question] How can a Maoist consider the Communist Party, which is allied with Moscow, a "brother party," as you have called it?

[Answer] That is very easy when one ceases to be subjective. If, when you say "Maoist," you hold to a private and particular version of some kind of perverse element, and I, when I think of Mao, am thinking about the genial leader of the Chinese Revolution who succeeded in putting that country on the road to popular democracy and socialism, surely we are not speaking of the same thing. When the break between China and the Soviet Union began to occur because of the orientation of the international movement at the end of the '60's, we agreed more with the Chinese positions. Since then, and particularly in this last stage, we have come to the conclusion that there have been important errors in the Chinese positions.

[Question] A sort of "demaioization," Peruvian style?

[Answer] I suppose the expression would be valid in trying to understand. We don't believe anybody is infallible. This does not mean that we cease to consider the Chinese Communist Party as a "brother party" and Mao's teachings as valid.

[Question] Does that revision that you suggest have anything to do with the description of "revisionist" which has been applied to you?

[Answer] If tomorrow someone, in attacking us, calls us "revisionist," as they were formerly able to call us "reformist," or as they will afterward, all of that just rolls off in the air if our concrete political practice demonstrates that we are a contributing factor and worthy of being taken into consideration in the course of the Peruvian Revolution.

[Question] Haven't you approached the so-called "unified bloc" in the hope of gaining votes which will assure you a political presence which would be impossible to achieve without being with that front?

[Answer] But, in all fairness, to judge by the criteria of the Malpicas or the Diez Cansecos, what one has to do is hang on to the coattails of the Whites to gain votes. We, since they surely have some room for us there, have not accepted their divisive blackmail, their position, which is against all the principles for forging unity. We have chosen, on the contrary, the hardest, most difficult road. We had an important position in the leadership of the UDP, after the UDP corrected its gross errors of the previous campaign, where the possibility that they might have some political force within themselves had not been duly considered. Ours is the difficult road of principles, adjusted to the reality in which we must live.

[Question] Javier Diez Canseco has let it be known that you were kicked out of Vanguard because you suggested "alliance and struggle" with the regime of General Velasco. Is that true?

[Answer] It is not true that I was kicked out of Vanguard. What is true is that beginning in August, 1973, I introduced into Revolutionary Vanguard a political line which corrected the infantile and ultra-leftist position of that party, maintaining the idea of "alliance and struggle" with the Velasco administration.

[Question] What did that formula, "alliance and struggle" with Velasquism mean to you? Perhaps a rapprochement with the Velasco government?

[Answer] We did not support any rapprochement with Velasquism. We introduced the thesis of "alliance and struggle." When we understand that it concerned a bourgeois antiimperialist, bourgeois progressive, bourgeois nationalist regime, there are two elements of our political line of that era: the positive and the negative aspect. We know that the state is the dominant character. However, this should not prevent us--and does not prevent us--from seeing the positive aspects of the process. Diez Canseco and all the other young radicals from Catholic University who join Vanguard under precisely the conditions produced by the Velasco administration, and with very little experience, want to radicalize until they arrive at infantile and ultra-leftist positions, unaware that they are disparaging the positive elements, the progressive elements, the advanced elements of Velasquism, around which it was necessary to build alliances. What they did not cast aside, in any way, was the position of intransigent struggle against all the negative aspects of the Velasco administration.

[Question] Speaking of Velasquism, what is your opinion of the OPRP [Political Organization of the Peruvian Revolution] headed by General Tantalean?

Would you talk with him?

[Answer] The case of General Tantalean and the OPRP is also a difficult one. I see that he has registered his party, which is all right with me, and I think it has good possibilities. I told some of the other Velasquist generals or admirals who were in MR-3 [3 October Revolutionary Movement], when I had

the opportunity, that Tantalean would eat them alive. And surely that is what is going to happen. Talk with him? Why not? Tomorrow. And I would have one of the leaders of my party, Marcial Benitez, a former leader of the fishermen, come with me. He had more than one argument with Tantalean when the latter was a minister under Velasco.

[Question] Could you arrive at agreements with the OPRP?

[Answer] Who knows? It is a matter to be discussed with the other political forces which make up the programmatic unity of the left. But it is not impossible.

There are few men in the Peruvian left more talked about than Ricardo Letts Colmenares. Or more controversial. But this means, simply, that he has, no doubt--in his ideas, actions and personality--much which is worth discussing. For better or for worse. To agree with him or not. In any case, to exchange arguments, actions, and sometimes, unfortunately, attacks, which are not always just, between the two sides. However, here stands the conduct of a man who has left behind all the satisfactions and expectations of his social class (upper middle class), to dedicate himself to serving the workers, in the way he thinks most just, whether or not he is right, but with undeniable generosity. Difficult and hard to get along with? Probably, yes. But also, far removed from pettiness or meanness.

And we say this with pleasure, we who have been attacked by him not a few times. From our point of view, which differs from his. We, who are Social Democrats. And he, who describes himself as a Communist, at once "Maoist" and a "brother of the Soviet party." We believe he is deeply mistaken in his totalitarian positions, but we know he is honest and sincere. And we say so here.

8735

CSO: 3010

FRENATRACA CAMPAIGN CHAIRMAN DISCUSSES PARTY ELECTORAL STRATEGY

Lima EL COMERCIO in Spanish 6 Jan 80 p 4

[Interview with Dr Luis Alberto Delgado Bejar; date, place and name of interviewer not given]

[Text] Contrary to what is believed, the Popular Action vote in the Constituent Assembly did not endorse the PPC [Popular Christian Party], but rather the PAP [Aprista Party of Peru]. That is what Dr Luis Alberto Delgado Bejar, head of the national electoral campaign of FRENATRACA [National Workers' and Peasants' Front], maintains.

Delgado Bejar, who was elected to the assembly with votes from the PCP [Peruvian Communist Party], was also a member of POCEP [Student-Peasant-Worker Popular Front] and now espouses the Nationalist Left supported by FRENATRACA.

In an interview with EL COMERCIO, Delgado Bejar maintained that FRENATRACA wants unity of the Left without any exclusions, but that it has not been possible because of Trotskyite sabotage.

However, he emphasized that his party will participate in the elections next May as a new Nationalist Left option, which needed by Peru and its people, without emphasizing its differences with other Leftist groups. The interview with the head of the FRENATRACA election campaign follows:

[Question] Dr Delgado Bejar, what political prospects do you foresee for the year 1980?

[Answer] If the process of transition to constitutionality is not interrupted, I believe that in 1980 the Peruvian people will make substantial progress in their emancipation from the ideological influence of the right and of imperialism. Correlatively, the positions of the left and of nationalism will have greater influence.

[Question] And what chances do you give the various political parties in the next elections?

[Answer] I believe that the entire right will suffer a considerable reduction in support, but with a redistribution of its forces within. Contrary to what is believed, the Popular Action Party vote did not endorse the PPC, but the PAP; one has only to study the results of the last elections in Cuzco and Puno, for example. Thus, AP [Popular Action] will throw its weight behind the PAP; the PPC will get the vote of the defined rightist voters. The PAP will suffer a great loss of votes in three ways: the large populist vote, which will go to AP; the flight of its anticommunist voters, frightened by the PAP's well-publicized leftist swing; and the flight of the voters who are sensitive to its anti-Chilean sentiment, which will be a blow to its presidential aspirations. In the leftist camp, on the one hand, if there are no splits among the blocs already formed, there will be an "equal" division of the votes among the aforementioned leftist international blocs, the PC-FOCEP-PSR [Socialist Revolutionary Party] bloc and the Trotskyite-Maoist bloc; and on the other hand, a geometric and torrential increase of the Nationalist Left, represented by FRENATRACA.

[Question] On what do you base your theory about the possibility of such a comeback by FRENATRACA?

[Answer] In the first place, FRENATRACA is strategically located at the confluence of the two most important currents at the present moment: Leftism and Nationalism. By the first, FRENATRACA rejects the oppressive socioeconomic and political system which has ruled since the conquest; and by the second, it rejects imperialism in defense of full sovereignty for the country. FRENATRACA's nationalism is the nationalism of an oppressed nation, which places it in the forefront of the antiimperialist struggle for our national liberation.

In the second place, the Manifesto, Principles, Basic Program, Plan of Government and Platform of FRENATRACA demonstrate that it is an organization seriously and solidly founded on the historical and compelling needs of the Peruvian people today: to break their dependency, undertake development and establish justice.

In the third place, FRENATRACA represents a new option, that of a Nationalist Leftism, far from any kind of political childishness or senility, which brings its political action to bear to bring together the great dispossessed majorities of the country. And, finally, it should be pointed out that FRENATRACA's Sixth Congress, held in Arequipa, showed a quantitative and qualitative growth of such scope in its political organization that it permits one to affirm that the increase of its influence will be in terms of a massive, growing and sustained movement--torrential.

[Question] Why do you believe that FRENATRACA would have any greater chance than other leftist organizations to pull the dispossessed majorities together?

[Answer] Several leftist currents have experienced difficulty in attracting the non-proletarian sectors. This is because of two serious faults or limitations which FRENATRACA does not have. One is underestimation of the

non-proletarian popular sectors which are equally or more inhumanly dispossessed and which make up the majority of the population. These are people who have precarious employment, the semi-employed and the unemployed, in the city as well as in the country, and the great mass of illiterates. They have not as yet been affected by the sermons of the other leftist organizations. FRENATRACA, on the other hand, is the most accessible to them of all the parties, and will transform them from rightist reserves, which they have been until now, into reserves of the Nationalist Left and of social progress. The second mistake, which FRENATRACA has corrected, is its underestimation of nationalism, in this case of the nationalism of an oppressed nation. The force of nationalism, associated with the ideal of justice embodied in the objective of the Second Tahuantinsuyo [former Inca empire], can become a great Idea-Force capable of mobilizing millions of Peruvians for the conquest of power and the construction of the society we yearn for. FRENATRACA is the force of the future.

[Question] What is the political platform of FRENATRACA for the May elections?

[Answer] FRENATRACA's platform, approved at the Sixth Congress, can be summed up in six points:

1. To demand that the de facto regime be replaced by a constitutional regime brought about by honest, unbiased elections.
2. Confrontation of the rightist PPC, AP and PAP parties with the fact that they are the political expression of the beneficiaries of the system of oppression and injustice established after the Conquest and still in force.
3. FRENATRACA desires unity of the Left, without exclusions, but it has evidence that this has not been possible because of Trotskyite sabotage.
4. FRENATRACA will participate in the electoral process as a new option of Nationalist Leftism, which Peru and its people need, without emphasizing its differences with other Leftist parties.
5. In keeping with the results of the elections, FRENATRACA will fight for the formation of a popular government, one of democratic opposition.
6. To safeguard democracy, FRENATRACA is open to dialog with the other parties.

[Question] What are the characteristics of FRENATRACA?

[Answer] FRENATRACA is the Nationalist Left, and its objective is Tahuantinsuyoan Socialism. It is a point of convergence for the dispossessed and at the same time progressive social sectors, and it is the continuance of the struggle of Tupac Amaru. FRENATRACA is neither Indian racism nor cultural xenophobia. It differs radically from the positions of "Indianism" which the West denies, because it accepts the positive contributions of other peoples and cultures of the world. It is a front which is open to modern political currents--socialist, Christian Socialist and Marxist--provided

they recognize Tahuantinsuyo as the source of inspiration and construction of the Second Tahuantinsuyo as the supreme objective. Because it is of the Nationalist Left, FRENATRACA fights simultaneously for social justice and for the greatness of the fatherland.

[Question] Finally, Dr Delgado Bejar, what is FRENATRACA's plan of government?

[Answer] The plan of government can be summarized in four essential points:

1. To improve the lot of all the dispossessed in Peru (men, sectors and peoples);
2. To undertake the integrated, balanced and diversified development of the country;
3. The sovereign and democratic management of the state, the institutions and resources of the country; and
4. To accelerate Andean and Latin American integration.

Those four points include everything: human rights, democratization of the public power, protection of the family and children, revitalization of local governments, regional decentralization, eradication of illiteracy, upgrading of the teaching profession, reorganization of the Peruvian university, protection of the national folklore and culture, development of economic and business pluralism, creation of a national technical base, increased production, just wages and the establishment of a system of family allowances and utilization of compensation funds according to years of service for all workers, protection and legal status for independent workers, prioritization of feeding the people, fiscal policy and a just tax system and directing the state debt toward reproductive and necessary activities. Orientation of foreign investment to areas which are adequate, under conditions which are not harmful to the national sovereignty; planning state investments for electrification, housing, health, sanitation, highways, railways, urban development, irrigation, etc. Also included are a system of efficient justice, improvement of agrarian reform, the cleaning up of public administration, respectful relations with all states of the world and acceleration of Andean integration as the first step to Latin American integration.

8735

CSO: 3010

OPRP PRESIDENT TANTALEAN VANINI ON ELECTORAL STRATEGY

Lima EL COMERCIO in Spanish 30 Dec 79 p 4

[Interview with Gen Javier Tantalean Vanini, provisional president of the Political Organization of the Peruvian Revolution; date, place and interviewer not given]

[Text] General of the Peruvian Army (Ret) Javier Tantalean Vanini, former minister of the fishing industry and now provisional president of the Political Organization of the Peruvian Revolution--OPRP--believes that all the Velasquists "who have any interest, personally or as a group," must join together to participate in the general elections to be held 18 May 1980. In an interview with EL COMERCIO, he admitted there are no ideological differences between the OPRP and MR-3 (3 October Revolutionary Movement) if they adopt fully the ideological bases of the Peruvian Revolution. However, he emphasized that the Revolutionary Socialist Party, notwithstanding the fact that there are in it some outstanding personalities from the first phase of the revolutionary process, "is not definitely a part of Velasquism or of the Peruvian Revolution."

These are his statements:

[Question] In our political context, two new organizations, the OPRP and the MR-3, claim to be heirs of Velasquism. What ideological differences are there between the two parties, General?

[Answer] None, if we take into consideration completely the ideological bases of the Peruvian Revolution. I believe that it has been a question of personalities, a situation which I believe will be overcome in the next few months. What is necessary is that we all agree on the ideological bases established by the Revolution; that we recognize General Juan Velasco Alvarado as our leader. No one can claim to be his heir, because the work he did is too vast. The OPRP is simply going to continue the work of the Revolution, extending it. If the other parties demonstrate in practice that is is going to be that way, there is no problem with the union.

[Question] There are in the OPRP, MR-3 and the PSR [Revolutionary Socialist Party] personalities who participated in an outstanding manner during the administration of General Velasco. In your opinion does this not perhaps reveal the tendencies within that regime?

[Answer] If you will allow me, I am going to make one small correction: in principle, the PSR has nothing to do with Velasquism. This is not my opinion. It is theirs. So let us not confuse the PSR with Velasquism or with the Peruvian Revolution. They have, they say, their own course to follow. Therefore this confusion that exists in the minds of many people must be cleared up definitively. On the other hand, there are in the MR-3 people who not only worked, because it is not a question of simply having worked, side by side with General Velasco. It is a question of having believed and continued to believe in the Peruvian Revolution, of having believed and continued to believe in the ideological bases, of having believed and continued to believe in the leadership of General Velasco, although he is dead. In this I do believe that there are in the MR-3 many people who believe in General Velasco's work. We are simply waiting for them to adopt a brotherly attitude, an attitude in which the facts determine that they are within the Peruvian Revolution; to put aside afterward any personal ambition or petty group interest. Finally, I must point out that I do not believe that Vice Admiral Faura believes any differently from General Tantalean within the Peruvian Revolution and within the government of General Velasco.

[Question] Could you say, then, that Gen Leonidas Rodríguez Figueroa, leader of the PSR, did indeed represent another tendency?

[Answer] I do not know his thinking at that time, but today, definitely, he is not part of the Peruvian Revolution. There is no doubt he is not a part of Velasquism. I am not saying this; they are saying it.

[Question] One of the paragraphs of the OPRP Manifesto published on 26 September 1979 reads word for word as follows: "This is a call to prevent the fruits of the revolutionary process from being destroyed by the eternal traffickers in and exploiters of hunger, misery, unemployment and impoverishment..." To whom does that accusation specifically refer, General?

[Answer] To all those who are recovering their economic power, which is going to be transformed later into political power, whether they are nationals or foreigners. All the economic groups who were displaced on 3 October 1968 are returning in force and trying to take over the political power again.

[Question] Could you cite some concrete cases for us?

[Answer] I prefer not to do so.

[Question] In recent statements you said that the OPRP will go it alone in the 1980 elections. Are you still of that opinion, or will there be some alliance?

[Answer] Personally I believe the OPRP must go it alone in that electoral contest, and in any case the only kind of alliance it could undertake is one of a broad leftist front, without fragmentation.

[Question] Or is it that you personally have not even thought of joining with MR-3? Is that true?

[Question] Perhaps I have not made myself clear, and I would like to correct myself: We Velasquists should all stick together and, ignoring any personal interest, elect the best man we have to represent us in the political contest.

[Question] Would you also relinquish your personal ambitions, General Tantalean?

[Answer] I am willing to withdraw entirely from politics once the proper person is found. That surprises you, doesn't it? All my ambition comes down to forming a political organization which represents the revolution, which will continue the work of General Velasco, which will not permit that work to be destroyed as it is being destroyed.

[Question] General, you know the people who belong to MR-3 and OPRP very well. In your judgment, who would be that ideal man?

[Answer] For now I don't want to mention any names.

[Question] Or perhaps that "ideal man" is Gen Javier Tantalean Vanini...?

[Answer] No. There are men within the revolution--I tell you this in all sincerity--who are more representative than I. To mention names or people is a bit premature. I have told them, and when they read this report they will remember.

[Question] I asked you if the OPRP would go it alone in the next elections, because it is being said in political circles that several persons who are members of your party might be in favor of an understanding with the APRA [American Revolutionary Popular Alliance]. On still another level it is maintained that if this were true, the OPRP would become a sort of "tail end" to the Aprista Party. What do you have to say about that?

[Answer] I believe that an outright union with APRA, which is a strong, organized party and has lasted 50 years, would mean the disappearance of the Political Organization of the Peruvian Revolution. Therefore, purely in the interest of survival, I believe there must not be a union with the APRA.

[Question] Do you believe that APRA is part of the "Democratic Left," General?

[Answer] That is what they claim. I would like to see what they do. They are leftist when they state that the newspapers should not be returned to

their owners. For me, that is a position of the Democratic Left, or whatever they want to call it. But if they are looking for alliances with rightist parties, then that is not a leftist attitude. Attitudes are what define political parties; not words.

[Question] General, were you an admirer of APRA in your youth?

[Answer] Never. In my youth I admired Haya de la Torre, Jose Carlos Mariategui and Jorge Basadre, and Luis Bustamante y Rivero in his time for what he represented.

[Question] I asked you that question because actually, between 1974 and 1975, it was being said that you were one of the members of the Revolutionary Government who sought a rapprochement with APRA.

[Answer] All that is part of the rumors which are always going around about Tantalean. I never sought a rapprochement between General Velasco's government and the APRA. Never!

[Question] General, did you not meet with some prominent leaders of APRA when you were head of the Ministry of the Fishing Industry?

[Answer] Never. To be more specific, the only person I received when by chance I became interior minister, replacing Gen Pedro Richter Prada, was Andres Townsend Ezcurra, who came to request protection for a demonstration by his party. He needed protection for that gathering, and the government provided protection for everyone. That was the only time I spoke with an Aprista leader.

[Question] Didn't you talk about any political matters, General?

[Answer] Absolutely not.

[Question] Would you say it was a 5-minute interview?

[Answer] Less than that, I think. Less.

[Question] Carlos Franco, who is a member of the group that publishes SOCIALISMO Y PARTICIPACION, stated that he is willing to coordinate and promote unification of the various Velasquist tendencies. What do you think about Franco's statements?

[Answer] They are fine. Even more: my deepest respect to the entire SOCIALISMO Y PARTICIPACION group. I believe they are the ones who have worked most honestly side by side with the Peruvian Revolution. Among them I might mention Francisco Guerra, Carlos Franco, Hector Bejar, Helan Jaworsky, Federico Velarde, among others.

[Question] Several observers have indicated that one of the chief errors of the Peruvian Revolution was in not having formed a political party. Do you share that opinion, General?

[Answer] I have written a book called "Yo Respondo" ["I Answer"]. It has a chapter on "The Errors of the Peruvian Revolution." And I say that the first and gravest error is that of not having formed a political party. Why was one not formed? There is an explanation for that. There were people who honestly believed a political party was not necessary. There were people interested in having the entire body of political wealth which was being formed during the revolutionary process go to another group, according to their own interests. There were other anarchists undoubtedly--as there are everywhere--who believed that no political organization was necessary because this would bring a party dictatorship--in sum, a variety of reasons. So all that caused some confusion until 28 July 1975, when General Velasco announced the need for a political organization of the Peruvian Revolution as the sole framework for our membership. Later, in the first few days of August, a committee was named under the chairmanship of Enrique Estremadoyro to form, finally, the OPRP. It should be added that 2 years before, when Augusto Salazar Bondy was still living, he was one of the members who began to work on the formation of a political organization.

[Question] And apart from that?

[Answer] The second big mistake I point out is the slow and uncoordinated progress. That is, in some sectors there was rapid progress, while in others it was slow. For example, the economy and finance sector--which is vital and basic for a revolutionary process--initially began aggressively, rapidly; but later on it practically came to a halt. Another great mistake is the low level of political development many of us have. We were born of a military, not a political environment. One would have to recognize humbly that great limitation and try to overcome it. There were not enough political discussion. Only the great skill of General Velasco made it capable of coordinating so many people with inadequate political development. And therein lies the chief greatness of Gen Juan Velasco.

[Question] Is there anything you would like to add, General?

[Answer] I sincerely hope that 1980 will be better for the Peruvian people, that the crisis will be better handled, and that we will seek union on the basis of justice.

8735

CSO: 3010

NEW PCF OFFICIALS ANNOUNCED

Lima UNIDAD in Spanish 6 Dec 79 p 3

[Text] To make an effort toward the timely transmission to all the rank and file members of the platform drawn up by the National Directorate; to improve the work of all the national committees, especially that concerning compliance with the work plans; controlled and solvent planning; and the strengthening of the National Propaganda Committee were the most important resolutions passed to overcome the deficiencies in the national work of our party.

The resolutions were adopted at the plenary session of the Central Committee held last Sunday, 2 December. The assembly was under the leadership of comrades Jorge del Prado, Raul Acosta and Jose Martinez.

The plenary also resolved to proceed with the equitable distribution of tasks, the adequate use of powers, adequate rationalization of time; sufficient rotation of positions; periodic contact of the Political Committee with the Central Committee between meetings of the latter, and periodic meetings of the Secretariat with each of the national committees. All of this was done so that the party will be in a position to apply the resolutions of the Congress.

The Central Committee named the National Control Committee, headed by Ernesto Rojas Zavala and including Manuel Diaz and Alejandro Nunez.

It also elected to the Secretariat comrades Jorge del Prado, Raul Acosta, Mario Ugarte, Pedro Mayta, Ernesto Rojas, Gustavo Espinoza, Guillermo Castro and Arturo Novoa.

Comrade M. A. Velezmoro was named to head the National Finance Committee, Arturo Novoa to head the Economics Committee and Mario Ugarte the National Propaganda Committee. Appointed to head other national committees were: Guillermo Castro (Organization); Pedro Mayta (Union Front); Jose Martinez (Education); Gustavo Espinoza (International Relations); Guillermo Herrera (Single Front); Alfredo Abarca (Peasant Front); Adriana Osorio (Women's Front); Asuncion Caballero Mendez (Professional Front); Jaime Figueroa V.

(Slum Areas); Omar Zilbert (Culture); Manuel de Priego (Editor of UNIDAD);
Ivan Mendez (Study Committee); Carlos Bonino (University Front).

Finally, the Political Committee appointed at the Central Committee's First
Plenary, held after the Seventh Congress last 4 November, was ratified.

8735

CSO: 3010

PRESIDENT BANTERS WITH AMBASSADORS ON SALIENT ISSUES

Lima EL COMERCIO in Spanish 2 Jan 80 p 2

[Text] During the traditional New Year's celebration held at the Government Palace last Monday, the president of the republic, Francisco Morales Bermudez had an animated conversation with the members of the Diplomatic Corps, ambassadors and representatives of friendly nations accredited to Peru.

Many national, regional and world issues were discussed, including Peru's economic and financial recovery, integration problems, the situation in the Middle East, the immediate socio-economic goals of the nation, the lifting of import restrictions, the exchange control system, inflation, cooperativism, the prospects of the next Peruvian civilian government, and the transfer of ownership of newspapers with nationwide circulations.

Concerning the economic and financial recovery of our nation, the Brazilian ambassador stated very eloquently that the Peruvian Government has attained one of the greatest achievements of 1979, throughout the world.

Referring to the problems of newspaper ownership, the president of the republic stated categorically that the government is willing to provide an immediate solution, as long as two basic conditions are met: a definite formula for joint management, and the stability of the workers.

Here is a transcript of the conversation, sent to us by the Peruvian Information Services Enterprise (Esi-Peru):

President: Let us toast our countries and the happiness of our people.

Mexican ambassador: Allow me, Mr President, to convey some concerns.

President: I don't know what concerns you could have right now.

Mexican ambassador: My concerns are very clear, Mr President. We are distinguished, or at least we have identical characteristics, in that both Peru and Mexico are raw materials producers; both Peru and Mexico are developing pioneer industries; both Peru and Mexico are in OPEC [sic]; Mexico was the

republic whose UN speech had such an impact on awareness of the need for a new international organization to determine the fate of non-renewable resources. We have common problems, and we can continue this conversation, begun on your authorization in San Jose this year.

President: I have no problem with that.

Mexican ambassador: It is important because the problems faced by Peru and Mexico are very serious, and affect the welfare of our countries as well as the rest of the world.

President: We can continue to hold talks, I am convinced. The energy issue is of the utmost importance. Of course, your production scale is very high.

Mexican ambassador: Our foreseeable potential is quite interesting.

President: Well, in terms of overall policy they are very important.

Mexican ambassador: Especially considering that we take our sovereign responsibilities very seriously. Mexico does not look to one side more than another; it is very important to understand that. For this reason we are willing to begin these ministerial-level talks.

President: Of course there is no problem. On the contrary, any conversation or dialog between our countries is vitally important, especially with regard to key issues such as energy.

Mexican ambassador: I was asking because tomorrow at 1130 hours I will be returning to Mexico, and I will meet with the secretary of state. I can think of nothing better than bringing him Peru's position on this.

Brazilian ambassador: We are analyzing all the facts of Peru's situation here, and we are grateful to you for that. You are our brother; you truly strive for the well-being of your people and for the success of your government. Peru has a very favorable image, and I can attest to the economic and financial recovery. Your government has achieved perhaps one of the greatest feats of 1979 in our world; in such a short time you have achieved enough to convince everyone that in 1980 Peru will be in a position to do many good, wise and beneficial things for its people.

President: Thank you very much. In our bilateral relations with your president, I think we are making progress in highlighting the vital bilateral issues as well as those related to the Amazon Pact. I believe that 1980 will be the year during which we will be able to implement the agreements we have signed with Brazil; it will also be the year of the revitalization of the Amazon Pact, now with multi- and bilateral concepts. As we are familiar with the common positions, I hope that such will be the case at any rate.

Ambassador from the Sovereign Order of Malta: Mr President, I have found in my home some medallions, some coins bearing the likeness of Col Remigio Morales Bermudez, your ancestor.

President: My grandfather.

Ambassador of the Sovereign Order of Malta: I don't know if you have some sort of collection or if you would like to put this in your collection, because I have found two which have no value. Even if I had only one, I would still give it to you. Do you have a collection?

President: Not a collection per se, no.

Ambassador of the Sovereign Order of Malta: Well, would you like to have a souvenir of your grandfather?

President: Of course I would, I am eternally grateful.

Uruguayan ambassador: Mr President, what is going to happen with LAFTA?

President: Well, that is a very clear question; it is being asked not only by Peru, but all over Latin America. It is generally agreed that a reorganization is urgently needed. We know that it is not such a simple matter; there are complicated angles. But we must also see the need to expand our horizons. As you know, we are greatly strengthening the Andean Group, which may be easier because of the small number of countries involved. We feel that the Andean Group is not a selfish group; it does not simply want to deal with the problems of integration within the programs that are now in progress, but it realizes that there must be certain progressive consensuses in order to achieve greater integration within the broader context of Latin America.

In this sense, the changes and renovations we can make in LAFTA are vital. But they should not be delayed, we must move quickly to make those changes.

Uruguayan ambassador: Why are changes being made and blocs being formed that ultimately will run counter to integration? I think Latin America should unite as it moves towards the year 2,000.

President: We should be united, we agree on that.

Israeli ambassador: Mr President, we have here an ambassador representing the Middle East (Ambassador Wahib el Miniawi) whom we have not greeted yet. This is the first time we are going to greet each other in front of you, Mr President. Within a month we will have embassies in Cairo and Tel Aviv, so in this decade we are finding solutions to the problem of the Middle East.

President: Everything done to promote peace is good; all your efforts to bring peace to your peoples are essential to the fate of mankind.

Egyptian ambassador: Mr President, I am very happy to be in your country.

President: I congratulate you and President Sadat for that.

Egyptian ambassador: This country's economic development is marvelous. Those of us who are here can attest to that.

President: We are not that well off, but the goals we have set for ourselves are being accomplished because we, as you know, have made the government's objectives very clear. In our political process time is running short. First of all, we have until 28 July 1980, but at the same time that we set ourselves that goal in the political process, we also established a parallel objective which is to achieve economic recovery, to the best of our ability.

This does not mean that we will triumphantly say that on 28 July the economy will have recovered. That would be wrong. But we can say in all certainty that the groundwork for that economic recovery has already been laid by the government. There are two basic thermometers of economic activity which support any recuperation process: financial organization and the well-balanced budget upon which it is naturally based. This is an important consideration. Next comes the recovery of the external sector of the economy, in terms of the availability of medium of exchange in the Central Reserve Bank (international reserves), equilibrium in the balance of payments and the availability of foreign reserves. We can truly say that these objectives have already been attained.

On this basis, the country can already launch a rather sound economic program with the fundamental targets of increasing employment, expanding sources of jobs and achieving a certain balance in production and consumption of food.

I would say that these are two major objectives which must be achieved, but which could not be realized before we made the effort I have just mentioned, particularly in the area of finance, budget, balance of payments and international reserves. That has been accomplished. Now we must use this as a sort of trampoline for the achievement of immediate goals in the social and economic life of the country. We could really concentrate on two fundamental aspects, without claiming that there are no others: expanding sources of employment and improving the systems of production and consumption. With this first step we will begin working on an economic program.

Egyptian ambassador: Mr President, 1979 has proved that Peru is already on the road to progress. From now on, it can be said that Peru is on the right path for its developing economy.

President: We think so.

Israeli ambassador: How far do you plan to go in your easing of import restrictions?

President: Well, this question is quite interesting. Look, one of the main objectives we have, in addition to the ones I just mentioned, is to cut inflation. It would be utopian to think we could avoid inflation. We must be realistic in economics. It would be utopian to think that an underdeveloped country such as Peru could limit inflation to very low levels. Why? Because that depends not only on efforts made by Peru itself, but also on the complex web of international factors that exist in today's world. By our efforts in the area of economics, we can reduce the inflation rate as much as possible.

Along these lines--the minister of economics has already explained this--the administration has eliminated 90 percent or more of the factors that lead to inflation. That is, the government's direct programs have been accomplished, and now we must search for the real causes of inflation.

The real causes of inflation now are twofold: there is the inflation produced de facto by industrial costs, and that produced by the sales or marketing systems. There is no reason why a product produced in a rural area, for example, at a cost of ten, to give a comparative figure, should be sold to the consumer at a cost of 150. Thus, the marketing system which governs the product from its origin to its consumption, is a factor in the cost-push inflation which results from the free-enterprise productive system. These factors no longer depend on direct government action; they are rather a function of a national consensus and of certain standards the government must set. Consequently, what you were asking about earlier is linked to this goal of cutting inflation. If production costs cannot be minimized through a decree-law, there will have to be adequate economic measures to cut external costs, without endangering employment. This is because the import system that has been designed to outweigh internal production costs will be controlled by the government; it will not be absolutely liberal, so that we have a system created to avoid any import-inflicted damage to the nation's healthy industrial production. We are looking to imports to correct the shortcomings of domestic production, while prudently safeguarding domestic production from possible damage.

Colombian ambassador: Mr President, with regard to that inflation problem, which is truly characteristic of this last half of the twentieth century, the inflationary spiral has left governments floating helplessly like corks in all regions. Governments that have been in power for 40 years have fallen in elections because the people do not understand that cost factors do not depend on governments. It is very difficult for public opinion to understand this. Thus, we have seen tremendous political changes as a result of electoral defeats of governments because of these factors. In relation to what Your Excellency just said, I would like to ask you two

things: first, if it would be useful to give the cooperative system a shot in the arm in consideration of the greediness of the middlemen everywhere; and second, what about the possibility of controlling industrial costs once the transfer to civilian rule has been accomplished. Because in a government which has a great deal of authoritarian power such as the military regime, there is a certain degree of control over unions' wage demands. This control will be very difficult to maintain in a civilian administration with a congress and with the full use of the above-mentioned mechanisms. My impression, then, is that it will be more difficult to control inflation after the military regime ends.

President: The first question was. . .

Colombian ambassador: . . .if the cooperative system could be strengthened in order to help eliminate middlemen or at least control them.

President: Obviously, the cooperative system well organized in production and consumer cooperatives is an excellent idea. My answer is totally affirmative in that sense. From the government's point of view, any cooperative organization that exists right now or may be founded in the future will be supported wholeheartedly. Thus, we have a policy of direct support for the cooperative system.

Colombian ambassador: Actually, the cooperative system is easier to implement than the price controls which have failed everywhere.

President: I don't exactly believe in price controls.

Colombian ambassador: Price controls require cost statistics which our countries do not usually have.

President: It is very hard to control prices, and it ends up being a theoretical proposition. It is better to adopt other systems. This does not mean that there is not a certain amount of control on a given type of good, but that cannot be generalized in any way.

Colombian ambassador: And the second question, said another way, is the fear that could exist that once the military regime has stepped down, giving way to a civilian government which will not have so much authority, there will be a stampede of wage demands through union movements, and therefore a surge in industrial costs that will result in inflation.

President: Well, that is very important, but I couldn't tell you in advance how the next government to be elected next 18 May will manage the situation once it takes office on 28 July. To answer your question fully, I would obviously have to know what political group will be governing Peru as of 28 July 1980.

I think that if there is a civilian administration in the country after 28 July that can make the nation understand the decisions made democratically

within a democratic (not a de facto) government, those wage pressures which exist naturally in any country where there is inflation, may lessen. I don't claim they will disappear, but they will diminish if there are democratic explanations, understandings between the party in power and the parties that participate in government activities in one way or another. I think it is possible to do that.

Austrian ambassador: Mr President, what can you tell us about the problem of the newspapers?

President: That is a problem which has now, perhaps unfortunately, entered a political crisis from which we can foresee no escape at the moment. It is also unfortunate that we have witnessed a certain type of stand taken recently which in my opinion does not make a constructive contribution to reaching a final solution to this issue. The government established two fundamental conditions, because there are aspects which could be called secondary. I consider secondary any matter which relates to the economic or financial situation of these newspapers, situations which date back years, and still exist today. I think there is a solution to that type of problem; it is not a real problem. The difficulty lies in the perception of the issue. As I said, within that context two basic conditions were established for a true, political solution to the problem. The first condition has been and is to set up a sort of joint management, in which the workers would own 40 percent of the stock of the enterprise and the managers would own 60 percent of the capital stock. This is the first condition: a formula for joint management, which would not mean giving the newspapers back, because that would imply a return to the situation of before 1974 or earlier. This is a question of co-managed enterprises, with the workers holding a significant share of capital stock and therefore in the decision-making of the enterprise. This is the first proposal, which is not the same as the formulas we have in the industrial sector right now (that is, the current Industrial Community in which the workers, by law, hold employee stock. Some employee stock amounts to up to 33 percent of the enterprise's capital, but it is not capital stock). This would be a different formula, because we cannot confuse a factory which produces goods or services, for example a shoe or shirt factory or other type of factory, with a factory which produces ideas. Journalistic enterprises produce ideas, and ideas cannot be compared with shoes or shirts. For that reason, the formula cannot be the same.

Up to now, this matter has been dealt with in a different manner, whereby that 40 percent proposed for the solution of the workers would be 33 percent, just as in the general community system or employee stock system. The difference between the 40 percent and the 33 percent would be covered with 7 percent of the capital. This is not what we have proposed, however. Our formula involves 40 percent of the enterprise's capital stock. This is the first essential matter.

The second essential matter is the stability of the workers at a time when all Peruvians, leaders and citizens alike, need peace and tranquility to

continue the recovery of our economy; we Peruvians need peace and tranquility so that we can freely and without any pressures whatsoever choose our future leaders, our future congress. We need peace for this reason, and we cannot maintain peace if we have to go to management groups, in this case the national newspapers, to change the current situation of hundreds of workers who are employed by those newspapers. It would not be very appropriate or prudent to disturb the stability of those workers. These are the two fundamental conditions that have been laid down: first, a definite formula for joint management under the circumstances mentioned above, and second, maintaining the stability of the workers. Everything else is secondary; this is the essence of the issue.

If these two points have not been understood as I have just explained them, the government will not be able to solve this problem immediately. We must bear in mind that the political deadline for making fundamental decisions in the current government of Peru is not even 28 July; this government's basic actions really come to an end when the Peruvian people elect their congress and their new leaders. That is, after 18 May there will be another political time-frame, another political management.

Consequently, the major actions of this government cannot and should not extend beyond 18 May; that is, they should take place before then. That is our time-frame for fundamental matters.

8926

CSO: 3010

MORALES BERMUDEZ REAFFIRMS POSITION ON NEWSPAPERS

Lima EL COMERCIO in Spanish 1 Jan 80 p 4

[Text] Lima, 31 December--President Francisco Morales Bermudez stated today that in order to solve the problem of the national newspapers there must be joint management, and worker stability. "If these two points have not been understood, the government will not be able to solve this problem immediately," he said.

The chief of state made this comment at the meeting he had at the Government Palace with the Diplomatic Corps. He pointed out that the problem has entered a political crisis from which we can foresee no escape at the moment."

Morales Bermudez commented that the first fundamental condition is to have a sort of joint management, in which the workers would own 40 percent and the managers would own 60 percent of the enterprise's capital stock.

He explained that this formula does not mean the newspapers would be given back, because if that were the case "we would be returning to the situation of before 1974 or earlier."

The president of the republic indicated that the goal is a joint management of the enterprise with significant worker ownership of the enterprise's stock, and therefore participation in the decision-making.

He stated that this proposal is not the same as the formula of Industrial Communities, in which workers can acquire up to 33 percent of the enterprise's stock, but the shares are not capital stock.

"A journalistic enterprise, in which ideas are produced, cannot be compared with a factory which produces goods or services; for that reason, the management formula cannot be the same," he commented.

Regarding the stability of the workers, the chief of state emphasized that at this time, when all Peruvians need peace and tranquility to continue the economic recovery and ensure the transfer of power, "it would not be very appropriate or prudent to disturb the stability of the hundreds of workers

who are employees of the national newspapers."

Morales Bermudez expressed regret over "a certain type of stand taken recently which in my opinion does not make a constructive contribution to reaching a final solution to this issue."

He repeated that if there is no understanding regarding the joing management scheme and the stability of workers, the government will not be able to undertake an immediate solution, bearing in mind that the deadline for its major decisions is not 28 July, but the very day the people of Peru elect their leaders. "That is, after 18 May there will be another political time-frame, another political management," warned Morales Bermudez.

He reiterated that, considering this time-frame for major actions by the Revolutionary Government of the Armed Forces, such actions cannot and should not extend beyond 18 May.

8926

CSO: 3010

PERU

BRIEFS

NEW AIR COMMANDER--Arequipa, 1 January--"Peru has the best air force in Latin America," said Air Force Major General Alfonso Salas Morales here yesterday. He has been named the new commander general of the Third Aerial Region, headquartered in Arequipa. Gen Salas Morales will assume the post next 3 January in a strictly military ceremony, to be held on the La Joya air base. Present will be Air Force Lieutenant General Hernan Boluarte Ponce de Leon, commander of operations of the Peruvian Air Force. The new chief of Air Wing No 3 arrived at the end of last week in the city of Arequipa in order to take over from his predecessor in the air wing, Air Force Major General Jose Espinoza Salazar, in a simple ceremony in the office at general headquarters. Talking with local journalists, Gen Salas Morales said that he was "willing to work with enthusiasm, dedication and devotion for the progress and development of my beloved Arequipa." At the same ceremony, Maj Gen Jose Espinoza Salazar bid farewell to the personnel of the Third Region General Command of the Peruvian Air Force. He has been promoted to the post of deputy inspector general of the Peruvian Air Force. Gen Espinoza Salazar was at the head of Air Wing No 3 for a year. Now he will be carrying out his new duties in the Peruvian Air Force in the city of Lima, where he has already gone. [Text] [Lima EL COMERCIO in Spanish 2 Jan 80 p 8] 8926

CSO: 3010

END

END OF

FICHE

DATE FILMED

20 Feb. 80

D.D.